

Bulgaria: Moscow puts the brakes on reform, Page 26

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World News

Bomb case heightens Anglo-Irish tension

New tensions were introduced in Anglo-Irish relations after the London Court of Appeal dismissed appeals by six Irishmen against their convictions for the murder of 21 people in Birmingham public house bombings in 1974.

The court decision came at a particularly delicate time in London's relations with Dublin. Lawyers for the men said they planned to take the case to the House of Lords, Britain's highest court of appeal. Page 25, analysts, Page 14.

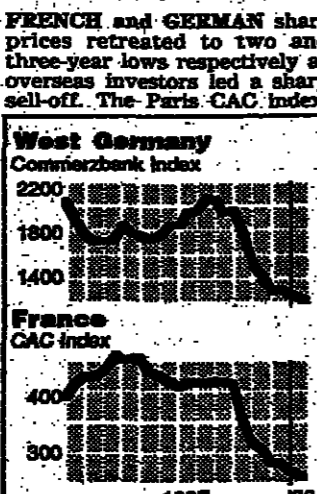
Business Summary

UK current account deficit worst for 13 years

BRITAIN'S current account deficit on its balance of payments totalled £2.7bn (£4.8bn) in 1987, up from £940m (\$1.7bn) in 1986 and the biggest shortfall for 13 years. Page 16

France and German share prices retreat

Share prices retreated to two and three-year lows respectively as overseas investors led a sharp sell-off. The Paris CAC index.



Worldwide AIDS fight

Health ministers from 120 countries pledged international co-operation to reduce the spread of AIDS. The ministers attending a world summit on the disease in London, agreed to share ideas on how to encourage people to change their sexual behaviour. Page 14

IRA weapons found

An Irish Republican Army cache including 90 Kalashnikov rifles, 40,000 rounds of ammunition and heavy-duty machine guns capable of bringing down helicopters - was found on a remote beach in the Irish Republic.

Gaza curfew lifted

Israeli troops lifted the last remaining curfew in the occupied Gaza Strip but unrest flared in the West Bank where Palestinian youths threw stones at an Israeli Government minister, and other clashes were reported.

SA gangs on rampage

Hundreds of people fled a squatter camp outside Cape Town, South Africa, when black gangs rampaged through the area, setting fire to buildings and attacking residents. Residents said at least one person was killed but this was not confirmed by police.

North Korean rally

North Koreans held a mass rally in Pyongyang to protest against what the Government called American and South Korean military provocation. Speaking in his solitary tent, Page 3

Co-operatives rescued

Malaysia's central bank said it would pay more than 1bn ringgit (\$400m) to bail out 13 co-operatives accused of mismanagement but warned it would not come to the rescue again.

Peru strike clash

Demonstrators blocked roads with burning tyres in Lima, Peru, and police fired tear gas to disperse students who threw rocks during a 24-hour general strike.

Steelworks demo

Thousands of children helped to form a human chain around a steel plant marked for closure in Duisburg, West Germany, while workers went on strike at foundry also due to shut down near Regensburg in Bavaria.

Brazil deal criticised

The US criticised Brazilian Foreign Minister Roberto Abreu Sodre for suggesting there was no harm in Brazil selling weapons worth billions of dollars to Libya.

Atom spy Fuchs dies

Physicist Klaus Fuchs, jailed in 1950 in England for spying on nuclear secrets at the British atomic research centre at Harwell near Oxford, died in East Germany aged 76. Page 2

US set to ease European defence technology curbs

BY PAUL BETTS AND IAN DAVIDSON IN PARIS AND STEWART FLEMING IN WASHINGTON

THE US is poised to ease restrictions on transfer of some sensitive defence technologies to its European allies.

A breakthrough was being forecast by some observers last night as completion drew nearer of an agreement for an exchange of radar technology between Thomson-CSF, the French state-controlled defence electronics group, and Texas Instruments, the US semiconductor manufacturer.

Under the exchange, Thomson would be provided with the components necessary for development of miniaturised radar for France's ambitious advanced combat aircraft, the Rafale.

Mr Dennis Kloake, US deputy under-secretary of defence for planning and resources, will lead an American delegation to Paris early next month to negotiate the final details of a memorandum of understanding between the two governments, described last night by a senior Pentagon official as "a landmark decision."

The memorandum of understanding will cover monitoring of the technology transfer, target dates for the release of Texas Instruments technology and security issues.

The industrial partners will have to apply to the US Government for an export licence once the memorandum is agreed.

Mr Kloake has also indicated that Washington was considering approval of a parallel radar technology transfer exchange for the new four-engine European Fighter Aircraft (EFA) programme.

This second radar technology agreement would involve Hughes Aircraft of the US, AEG of West Germany and General Electric Company of the UK.

This important shift in American policy coincides with a compromise agreement between the US and its Western allies on new rules governing the control of high-technology exports from the West to the Soviet bloc and non-aligned countries.

The agreement was reached yesterday after a two-day closed-door session of the Coordinating Committee for Multinational Export Controls (CoCom), which includes the members of Nato (except Iceland) plus Japan.

Though no details were published, it is understood that the compromise involved support for American demands that the implementation of controls on high-technology exports should be tightened up, in exchange for American agreement that the list of banned technologies should be slimmed down.

Washington has been coming under increasing pressure from its Western allies to liberalise its technology transfer policies, which have at times seemed designed as much to hobble the development of European technologies as to prevent the sale of militarily-sensitive technology to the Soviet Union.

However, a Pentagon official warned that nothing had yet been signed between the US and France concerning the radar transfer and that what is being examined is an agreement to explore the prospects for co-operation. He added that some "tough negotiating" had yet to be done.

He referred that continuing disagreements in Washington about the wisdom of sharing sensitive military technologies were still an important obstacle to the establishment of a clear-cut policy in favour of such military co-operation.

Although the Intermediate Nuclear Forces treaty with Moscow, which calls for the removal of medium and short-range nuclear missiles from Europe, has strengthened

the hand of those arguing for greater co-operation to develop high-tech weapons, opposition to such transfers has not crumbled.

French sources were not ruling out the danger that the US might attempt to impose a ban on French exports of the jointly developed radar or aircraft using that technology.

The proposed agreement between Thomson and Texas Instruments would involve the transfer of Thomson air-to-air radar technology in exchange for the American company's air-to-surface technology and its expertise in miniaturised components.

This technology transfer could prove crucial to France's Rafale advanced combat aircraft, by providing it with a suitably small, light and cost-effective radar.

David Thomas writes: Hughes' European partners think that full transfer of the technology behind its AFG-65 radar is a key to their chances of winning the £1bn (\$1.78bn) radar contract for the European Fighter Aircraft.

The Hughes-GEC-AEG consortium intends to adapt the Hughes radar for the European fighter.

Closer G7 links sought by Nakasone

BY WILLIAM DULLFORCE IN DAVOS

MR YASUHIRO NAKASONE, the former Japanese prime minister, yesterday called on the seven big industrial nations to establish a "broad-sighted de facto alliance" to ensure the economic security of the free world.

More immediately, he suggested it was time for the US to introduce tax incentives to boost domestic savings and to begin issuing government bonds denominated in foreign currencies.

Nakasone's first public speech since he relinquished the premiership last year turned into a resounding appeal for closer co-ordination among the major Western nations in both economic and security matters, in which Japan would play a full role.

Strengthening the structural framework for closer co-operation between the Atlantic and Pacific spheres was a major prerequisite for global prosperity, Mr Nakasone said.

The need for a new co-operative framework in the West had been signalled by the October stock market crash and by the signature in December of the US-Soviet INF agreement scrapping medium-range nuclear missiles, Mr Nakasone argued.

The "stinging message" of the October crash was the result of the market's suspicion that economic policy makers were divided. The subsequent turmoil in the stock and currency markets warned of insufficient policy co-ordination.

After the INF agreement Mr Nakasone foresaw a Soviet peace offensive in Asia, focused not only on Japan but also on China, "another Marxist-Leninist great power." The Soviet Union certainly had China in mind when it agreed to destroy its medium-range SS20 missiles deployed in Asia, Mr Nakasone said.

In finding an effective response to the expected Soviet moves in Asia, increased co-operation between the US, Western Europe and Japan would become all the more important.

Solidarity among Western nations would also be the key factor in the post-INF negotiations to abolish chemical weapons, reduce conventional forces and reach stability at a reduced level of strategic nuclear weapons, Mr Nakasone argued. He called for consultations to work out a comprehensive Western strategy.

The West needed to adopt global approaches to both economic and security problems. If the world economy were to break down, so would world security. The framework for



Nakasone: call for Western co-ordination

economic policy co-ordination among the G7 industrial nations could be just as important for security as a military alliance.

Mr Nakasone was giving the opening address to the World Economic Forum, the annual businessmen's summit in Davos, Switzerland, for which the new state of the world economy is a major theme this year.

Although he is no longer premier, he remains a highly influential senior statesman and left no doubt that he was speaking for Japan.

To restore belief in the dollar, which he described as "the world's sole key currency," the US could follow Japan's example and introduce tax incentives to encourage savings, Mr Nakasone suggested. This would help solve the problem of the twin budget and current account deficits.

If stock markets crashed again, Japanese and other foreign investors would be more cautious about investing in US financial markets, Mr Nakasone warned. By issuing government bonds in other currencies (potentially of greater interest to foreign investors than dollar bonds), the US could send another signal of its determination to maintain confidence in the dollar.

Mr Nakasone also proposed that the industrialised countries should agree to standardise their taxes as a long-term goal.

Successfully admitting that his own attempt to introduce tax reform in Japan last year had been "a painful lesson," he suggested that international agreement on a model basic tax system could help persuade people of the need for reform.

Syrians comb Beirut for West German hostage

BY NORA BOUSTANY IN BEIRUT AND DAVID MARSH IN BONN

SYRIAN TROOPS combed West Beirut yesterday for traces of the latest West German hostage in the Lebanese capital, Mr Ralph Schray, as their commanders signalled determination to obtain his release.

The Syrians, who have been deployed in force in West Beirut since February last year, were reported to be on heightened alert and to have intensified activities at their numerous checkpoints following Wednesday's kidnapping.

Meanwhile, it emerged in Beirut that the kidnapping - unlike those of most of the other 24 foreigners still in captivity in Lebanon - was not blessed by Iran or by the Lebanese Hizbollah (Party of God) organisation.

According to Shia militiamen and security officials, it is the work of Mr Abdel Hadi Hamade, the brother of two Lebanese Shia now in prison in West Germany.

He is reported to have acted unilaterally to step up pressure on the Bonn Government to release the two brothers, one of whom, Abbas Hamade, is on trial in Dusseldorf accused of involvement in the kidnapping of two other West German

national, Mr Rudolf Cordes and Mr Alfred Schmidt, last January.

The officials said Syria was determined to get the missing engineer back to restore its credibility as the policeman of West Beirut.

The carefully-planned abduction was a major setback to Syrian authority, and Syrian military commanders have issued a stern warning to Mr Hamade to release the captive.

In Bonn, the West German Government attempted to play down the kidnapping of Mr Schray, who is Lebanese-born but has a German passport.

Mr Friedhelm, the Government spokesman, said there was no confirmation that Mr Schray's kidnapping was linked to the seizure of Mr Cordes, an employee of the Hoechst chemical group who is still being held.

However, diplomats and newspapers said the kidnapping was clearly linked to the trial in Dusseldorf and the continued imprisonment of Mr Mohammed Ali Hamade, who is accused of hijacking a TWA airliner to Beirut in June 1985.

As the Government's hostage crisis team held an emergency meeting, spokesmen emphasised Bonn's embarrassment about the new political pressure caused by Wednesday's kidnapping and its impact on party criticism from Britain about Bonn's policies on hostage-taking.

Britain has asked West Germany to clarify remarks by a senior official suggesting that the case for the third year running of the hijacking of Mr Mohammed Ali Hamade to the US because of fear for the lives of hostages. It was not clear yesterday how this clarification would be given.

Egypt wins support for peace moves

President Reagan yesterday assured Egyptian President Hosni Mubarak that the US fully supports Egypt's peace initiative for the Middle East.

President Reagan yesterday assured Egyptian President Hosni Mubarak that the US fully supports Egypt's peace initiative for the Middle East. "We are partners in this endeavour," Mr Reagan told Mr Mubarak, who nevertheless indirectly cautioned the American leader not to be distracted from peace moves by election-year politics. Page 26

IBM reshuffles top managers in attempt to lift profit growth

BY RODERICK ORAM IN NEW YORK

INTERNATIONAL Business Machines, the world's largest computer manufacturer, substantially reshuffled its senior management yesterday in an attempt to obtain a faster pay-off from the painful steps it has taken in recent years to revitalise a stagnant performance.

The company will delegate more powers to a newly created echelon of general managers in the hope of making it more responsive to customers.

Conversely, IBM has tightened control over technology to help prevent overlaps and incompatibility between products.

Mr John Ackers, the chairman, said that the new structure "builds upon the actions we have taken over the last two years to streamline our business and enhance our partnership with customers."

While he remains chairman, it appears that significant day-to-day responsibilities have been devolved to more junior managers.

Mr Ackers, an intellectual who is widely credited with devising

the group's revitalisation plans, is considered less effective as policy implementer.

The shake-up elevates two executives with reputations as "men of action" to vice-chairmen.

Mr Kaspar Cassani, a Swiss, who heads IBM World Trade, receives broader worldwide marketing responsibilities.

Mr Jack Kuehler, formerly head of information systems worldwide, will oversee a broader range of business.

A newly created organisation, IBM United States, will be responsible for US marketing, manufacturing and financial performance.

However, it will also have the leading role in ensuring IBM "is fully responsible to worldwide marketplace requirements, while providing systems that interconnect effectively," the company said.

Despite some remaining weaknesses in its product line, IBM's turnaround began slowly in the middle of last year.

Management and investors have been disappointed,

though, by the failure to rebuild profits faster.

Its recently released 1987 results would have shown a decline for the third year running without help from special factors such as currency gains.

IBM has also been struggling to overcome its reputation for having families of products which are hard to connect together in networks.

Mr Terry Lautenbach will head the US organisation, reporting to Mr Kuehler. Five general managers will report to Mr Lautenbach.

Their responsibilities will be: large systems and software; mid-range systems and software; work stations, personal computers and printing devices; communications products and software; and technology products.

It appears, however, that some middle managers will have one or two more layers of management under the new hierarchy, and that members of the board-level management committee will be closely involved with the new units.

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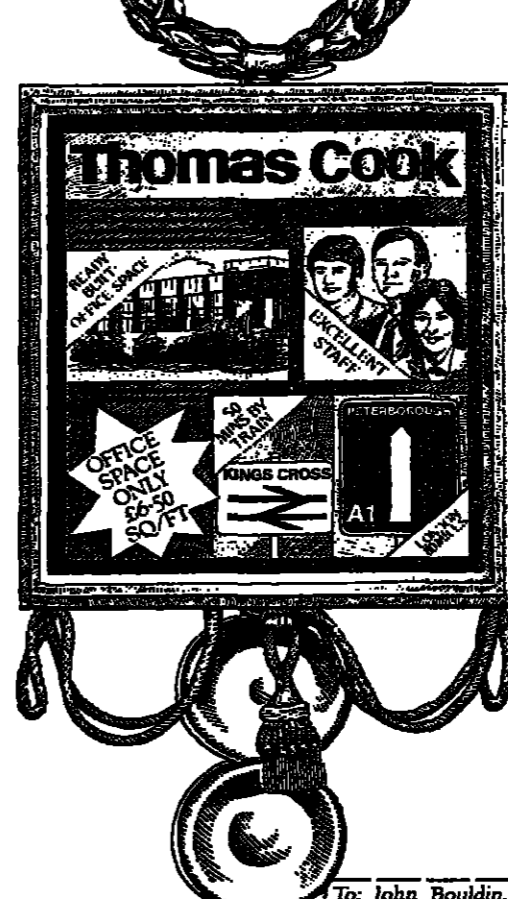
Kim Jong Il, known as the Dear Leader, will succeed his father 'The Great Leader,' Kim Il Song, Page 3

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PUT THE FREEZE ON N. KOREAN THAW

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OVERSEAS NEWS

S African television 'witness' murdered

THE MYSTERIOUS murder of an 18-year-old black youth in Soweto has given a new and violent twist to the row between the South African Government and CBS, the American television station.

The murdered youth, Sicelo Godfrey Dhlomo, who was shot in the head half a mile from his home, appeared on the programme which also featured President F.W. Botha's daughter Roxanne. He claimed that he had been tortured by police in detention and feared for his life.

Last week, the youth, who worked for the Detainees' Parents Support Committee was picked up by police and interrogated at John Vorster Square police station. After his murder the police issued a statement saying that after interrogation he had made a sworn affidavit which accused CBS of having instructed him what to say on camera.

He was interviewed by a certain news agency director who instructed him to tell, into camera, how and when he had been detained and how he was manhandled and beaten. He said he then started to talk and told what had been dictated to him, the police statement said.

Review offers to publish with no advertising

THE Far Eastern Economic Review, the Hong Kong-based weekly magazine, has offered to publish in Singapore a special edition carrying no advertising in a bid to resolve a dispute with the Government of Prime Minister Lee Kuan Yew which has led to circulation being limited to 600 copies a week from a normal level of more than 10,000.

Lange delays tax reform

NEW ZEALAND'S Labour Government has had to defer the introduction of its radical tax reform package because of criticism that its proposed single-rate tax and changes to family support would leave some lower-paid workers worse off.

The line of succession is clear but the choices in foreign policy are not, writes Andrew Marshall

North Korea is left sulking in its solitary tent

NORTH KOREA, the reclusive of the so-called 'hermit kingdom', has retreated further into its shell this week with the announcement of diplomatic sanctions from Japan, the US and the EC.



Kim Jong Il 'Dear Leader'

Ironically, it had seemed last year that the glacial relationship between North Korea and the rest of the world might be thawing. Then, in November, a South Korean airliner disappeared with 115 people on board.

North Korea is a maverick state in the international system. Ruled by one man, Kim Il Sung, since 1948, it is diplomatically isolated, its political processes are closed to foreign scrutiny and it is aggressive and unpredictable in its conduct.

As the State Department readily admits, this will have little practical impact. The main casualty is likely to be a UN Development Fund office in Pyongyang.

Japan, which has more contact with the North than the US, has pitched in with sanctions of its own. These include stricter control of contacts between Japan and North Korea, a ban on all flights between the two countries and restrictions on shipping and visiting North Korean sailors.

Sihanouk worries Peking

PRINCE Norodom Sihanouk, the Kampuchean resistance coalition leader, was greeted here yesterday by a Chinese Government spokesman, unusually concerned at the peace talks he is conducting with officials of the Vietnamese-backed regime in Kampuchea.

Japanese output up

JAPAN'S industrial production index for December showed a 6.6 per cent rise compared to the same month the previous year, Caris Export reports from Tokyo. The index climbed to 133.5 against 100 in 1980.

amounts to some \$400m a year. North Korea has hit back with counter-sanctions, banning contact with US diplomats, barring Americans from entering the country and refusing to negotiate with Washington for the return of the remains of US soldiers killed during the Korean War.

Through this was a tiny shift, it was Washington's way of recognising North Korea's growing openness. For some time, visitors have commented on the change of atmosphere in Pyongyang, though it could hardly be said to be Korean glass.

Relations with the Soviet Union and China have become more complex with changes of leadership and economic liberalisation in Moscow and Peking, and a warming of bilateral relations between the two.

But the slow thaw in Pyongyang has been complicated by what appear to be serious internal disagreements. Kim Il Sung, the Great Leader is now 75, known to be ill, and is unlikely to live much longer.

On his arrival, the unpredictable Prince said the talks with Hun Sen, the regime's Premier, have a "50 per cent chance" of success, though he denied reports that he was willing to damp his earlier coalition partners, the Khmer Rouge.

He is expected to meet Zhao Ziyang, the Communist Party chief, on Monday, and then is likely to visit the North Korean capital, Pyongyang, where the third round of talks with Hun Sen is expected to be held.

clear, the choice of policy for the new leader is not. The pragmatists in the bureaucracy would like the state to ease its hold over the economy, relax relations with the US and to move towards some arrangement with the South.

There is past precedent for this. Indeed, to many American diplomats, there is a rather tiresome sense of déjà vu. The last time that a thaw in relations seemed to be on the cards, in 1983, it was abruptly halted by a bomb in Rangoon, allegedly planted by the North Koreans, which killed three members of the South Korean cabinet.

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PLO takes aim at rival radio

A CLANDESTINE radio station widely listened to in the occupied territories has been denounced by the Palestine Liberation Organisation for creating divisions among Palestinians by broadcasting the names of people said to be collaborating with Israel.

The denunciation, broadcast from Baghdad by the PLO's official radio earlier this week, coincided with fresh evidence that the new radio - calling itself Radio El Quds - is being backed by Syria.

Radio El Quds earlier this week broadcast a message of support for the Intifadah, the uprising, from Mr Ahmad Jibril, leader of the Syrian-backed Popular Front for the Liberation of Palestine-General Command, the PFLP-GC. Israeli intelligence has concluded recently that its broadcasts are coming either from the Syrian-controlled Bekaa region of Lebanon, or else from Damascus itself - making it harder to put out of action.

For the PLO's Voice of the Palestinian Revolution, in Baghdad, its message to its listeners was "to guard against such suspect radios" said to be seeking to don Palestinian cloth. By naming "enemy agents" within Palestinian ranks, what the upstart station was doing was to damage the continuous common front recently forged in the territories.

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AMERICAN NEWS

Bush faces renewed attack over arms deal

By Stewart Fleming, US Editor, in Washington

SEVERAL OF the leading candidates for the Democratic Party's Presidential nomination turned their fire away from each other yesterday and in the direction of Vice-President George Bush, the front-running Republican.

They charged that Mr Bush had still not answered key questions about his role in the Iran/Contra arms scandal. They were joined by Mr Lee Hamilton, a Democratic Representative and the chairman of the House committee which investigated the Iran/Contra scandal, who said "the position of the Vice-President remains unclear with respect to the sale of arms to Iran and until it is clear I think it will continue to be an issue."

In an angry confrontation on US television on Monday night Mr Bush sought to put the issue of his involvement in the Iran Contra affair behind him and to demonstrate that he is a tougher politician than many Americans believe by rounding on Mr Dan Rafter, the CBS television anchorman, and accusing him and the TV network of distorting his record.

The encounter is widely seen to have helped improve Mr Bush's image among Republican voters.

But yesterday Senator Albert Gore, Senator Paul Simon and former Senator Gary Hart, all took aim at Mr Bush and suggested that he is not going to find it easy to stem the continuing flow of questions about the decisions he took on the Iran/Contra issue.

US criticises Brazil on arms

THE US yesterday criticised the Brazilian Foreign Minister, Mr Roberto Azevedo, for suggesting there was no harm in Brazil selling billions of dollars of weapons to Libyan leader Muammar Gaddafi. Senior reports from Washington.

The State Department said it found regrettable remarks on Tuesday that the sales could go ahead because they involved arms that were purely defensive in nature.

Contras propose power-sharing in Nicaragua

By LIONEL BARBER IN WASHINGTON

THE Nicaraguan Contra rebels yesterday proposed a power-sharing arrangement between opposition parties and the Sandinista government.

As talks began with Sandinista representatives in Costa Rica they put forward a plan for an interim government of national reconciliation which would initially exclude Contra military and civil leaders.

The Sandinistas have insisted that the talks, of the Central American peace plan, should be limited at first to a ceasefire. The Contras, backed by the Reagan Administration, argue that this cannot be separated from political reform.

The talks come one week before the US Congress votes on President Reagan's sharply scaled-down request for \$350m mainly non-lethal aid for the Contras. The vote is expected to be close because many Democrats believe more Contra aid could torpedo the regional peace talks.

The Contra proposal calls for any military aid approved by Congress to be placed in escrow for 30 days. The Reagan plan in a bid to win Congress support,

says that the military aid portion - \$33.6m - should be placed in escrow until March 31, one month longer.

Congress votes on the proposal on February 3 and 4. The White House has acknowledged it will be a very difficult fight with some floating votes in the House determining the outcome. The package needs approval by both chambers.

House Democrats yesterday suggested that if the Reagan package is defeated, they could put forward an alternative comprised exclusively of humanitarian aid such as food and clothing.

The package appears aimed at wavering Democrats who would like to vote against President Reagan, but who do not want to be accused of abandoning the Contras.

President Reagan - also aiming at floating votes in the House - pledged this week to consult the governments of Costa Rica, El Salvador, Honduras and Guatemala on Nicaraguan compliance with the ceasefire before releasing the \$350m aid.

Colombian public back drug gang crackdown

By Robert Graham

COLOMBIA'S liberal government of President Virgilio Barco has won strong support for its draconian measures to combat terrorism and break the stranglehold of the drug mafia. The new laws were triggered by the assassination of Mr Carlos Mauro Hoyos, the Attorney General, on Monday. Drug barons admitted responsibility for the killing. The drug gangs are fighting the extradition of Colombians on narcotics charges to the US.

The murder - near Medellin, home of the drug cartel which controls more than 70 per cent of cocaine supplied to the US - has caused a huge outpouring of national grief. In this atmosphere the measures have won support more to relieve a sense of outrage than through a genuine belief in their effectiveness.

The laws include tougher punishments for acts of terrorism, payments to informants who provide information and the commuting of sentences in return for information.

In addition, sweeping powers have been given to the security forces to detain people informally. The judicial system has increased by almost 5,000 officials, national service is to be extended to two years and controls tightened on private aircraft, especially helicopters.

Bankers are weighing up the swap terms. Alex Nicoll reports Mexico's high stakes debt offer

MR ANGEL GURRIA, Mexico's director of public credit, is accustomed to making presentations to sceptical bankers. His attempt this morning to persuade British banks to participate in the country's debt exchange offer will be no exception.

They will excuse him for being a little bleary-eyed. In the past week, he and Mr Gonzalo de las Heras, the Morgan Guaranty Trust executive responsible for Latin America, have travelled from the US to Japan, on to several Continental cities and finally to London in their quest for bankers' support for the plan hatched jointly by Mexico and the US Bank.

Since it was announced in December - it is due to conclude in the handling of the 18 debtors - creditors have been behaving like a couple of rag-dealers: each trying to talk the price down or up, and each trying to give the other the impression that he is not too concerned about the outcome.

They are. Success, though it would mark an important step forward in the handling of the five-year-old debt crisis, would also set a trend for bigger bank losses. It would be a domestic political triumph for Mexico's financial managers. Failure could easily encourage confrontation between Latin American debtors and banks. Banks, borrowers would say, would be rejecting constructive and cooperative solutions to the debt problem.

The auction will be a genuine cliff-hanger: nobody can yet tell how it will go.

Mexico is offering up to \$10bn of 20-year bonds on which repayments of principal will not be made until 1998. The US government securities which Mexico will hold. To get them, banks must tender existing public sector loans at below face value. The more old debt you tender per dollar of new bonds, the higher the chances of an accepted bid - and the bigger your write-off.

The new bonds, though of lower face value, are designed to be more attractive than the existing loans because they are partly collateralised and carry a doubled 1 1/2 per cent margin over money market rates. As "exit" bonds, they will excuse the holders from participation in future "forced" loans for Mexico because they are not subject to the same rescheduling. Mexico stresses that it has consistently serviced its Eurobonds while rescheduling bank loans.

Bankers, however, have questions about principles and about the auction. And even if those are resolved, many have serious doubts about whether it is worth their while to bid and whether other banks will bid in sufficient numbers to raise accounts for Mexico to retire a significant amount of debt.

Among bankers' immediate concerns are: Will Mexico draw down the rest of its \$5.5bn bank loan of which \$1.2bn is still available (the total was scaled down from \$7.7bn)?

Some bankers are increased that Mexico could use their money to finance a scheme which not only involves lending it to the US Government (buying the Treasury bonds to be used as collateral) but also new losses for banks which participate.

They would like Mexico to undertake not to draw the money before they agree to give a waiver which is necessary for the auction to go ahead. Most bankers, however, do expect the waiver to be granted without trouble by banks holding the required 60 per cent of each existing loan.

Why does Mexico discriminate between dollar loans and those in other currencies?

The bid form for the auction says a bank may not tender non-dollar loans unless it also tenders all its dollar loans, and that bid tendering non-dollar loans may not be more aggressive than for dollar loans.

Will the new bonds be eligible for Mexico's debt-equity swap scheme when this is restarted? More central is a question which will not be answered at today's meeting. What prices will Mexico accept? Bankers calculate that Mexico makes no savings at all unless the old debt exchanged is valued at less than 78 cents on the dollar. Mexico clearly expects bids which put a far lower value on the loans. Indeed, Mr Gurria himself has indicated that the secondary market price of 60 cents should be seen as a ceiling rather than as a floor.

Despite this, bankers generally believe that the two sides could find a meeting point at around 60 cents. This, many

THE Mexican scheme is an advance but is neither a panacea nor a definitive solution to Mexico's foreign debt burden, says Mr Jesus Silva Herzog, the former Finance Minister, writes our Correspondent in Mexico City.

The bonds "constitute a positive step" but the savings to Mexico would not be as large as thought, and the problem of servicing Mexico's debt could worsen as interest rates will likely rise and prices for raw materials fall, he said.

say is a level at which some banks will bid and at which Mexico will probably accept bids. Clearly, some banks will bid at wider discounts to face value.

At 60 cents, Mexico would make net annual foreign exchange cash flow savings of over \$300m if the full \$10bn of new bonds were issued. Banks might believe 60 cents was worthwhile provided that the new bonds themselves did not

fall to a price less than 80 per cent of face value. If the price were to fall lower, banks which wanted to exchange existing loans would be better off attempting to sell them for cash on the secondary market.

The bonds will fall to a discount because interest payments are Mexican risk even though the principal is collateralised, and interest accounts for the bulk of the income from the bonds. Analysts at Salomon Brothers argue that, to be competitive with US corporate junk bonds, the Mexican bonds would need to trade at yields above 18 per cent, equivalent to a price of just 62 cents.

The Salomon analysts say the bonds would appeal only to a small subset of investors, mainly those who are looking for non-bank buyers: at all unless they trade at high yields. They say the bonds will trade less actively than existing loans and that "because the secondary

market price for the new bond is highly uncertain and demand is likely to be thin, cash sales of loans remain the best exit strategy for banks."

This is even without taking into account differing accounting and regulatory positions which influence each bank's decision.

A key factor will be the extent to which each bank is already provisioned. It is doubtful whether large numbers of banks have 40 per cent loan loss provisions against their Mexican exposure - the level at which a 60 cent price might make sense. So bids might mean additional provisions - or, if bids are successful, write-offs.

Some US regional banks have sharply increased their provisions recently, perhaps as a result of bidding aggressively. But the case for bidding when strongly provisioned is not overwhelming. Banks which have provisioned nevertheless continue to receive interest income on the full face value.

Also very important is what regulators determine the risk of the new bonds to be: a thorny problem because they are a hybrid between US risk on the principal and Mexican risk on the interest. The US authorities, which like the Japanese have generally taken an accommodative approach to the offer, have determined that the principal is indeed US risk. The Bank of England has yet to make up its mind. Bankers point out that they could be faced with making new provisions for the new bonds according to the Bank's provisioning matrix.

The combination of losses (especially those which some banks simply cannot at present afford), new provisions and uncertain secondary market value could dissuade banks from making realistic bids even though they can see that it is very important that the offer succeeds.

Some may make token bids to show willing. Others will make genuine offers as a once-for-all exit move. Most will hope that other banks will put in bids that will allow a significant reduction of Mexico's debt burden, thereby enhancing the value of their existing loans. Banks could even argue that not bidding at all is the best strategy: not only does it avoid writing a red flag at Mexico, but also it represents the ultimate statement of confidence in Mexico and the long-term value of its loans.

Officials in such industries as film-making, advertising and trading agencies would now be allowed.

The measure is mainly aimed at avoiding US pressure but we expect further American demands for market-opening," one official said.

Finance Ministry officials said the action would allow foreign businessmen to invest in joint-venture advertising companies as minority shareholders.

Foreign investment exceeding 50 per cent of equity holdings in joint-venture advertising companies would still be banned, officials said.

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There would be no restriction on joint-venture trading companies in which local partners have the controlling power, they said.

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The 1987 US trade deficit with South Korea reached \$10bn, up from \$7.5bn in 1984.

Brazil acts to curb civil service salaries bill

By IVO DAWNAY IN RIO DE JANEIRO

BRAZIL is to announce radical measures to reduce the salary bill of its federal civil service and state companies.

Among steps under consideration are a ban on recruitment and restricting pay rises to the inflation rate.

Earlier this week Mr Malson da Nobrega, the Finance Minister, met colleagues from five spending ministries to hammer out the wages policy.

Officials have been alarmed at statistics that showed salaries in public sector companies rose by 20 per cent more than inflation last year. State corporations were responsible for the lion's share of the public sector deficit that ended 1982 at 5.4 per cent of gross domestic product, up from the 3.5 per cent of 1981.

Previous efforts to control the government's wage bill have only been partially successful. Mr Luis Carlos Bresser

Pereira, Mr Nobrega's predecessor, implicitly blamed President Jose Sarney for undermining his fight against inflation by authorising big pay rises for Banco do Brasil staff and the armed forces.

The problem for any Brazilian finance minister is that the ultimate arbiter on public sector pay remains the President. As last year, however, Mr Sarney has again promised firm backing to the new pay and recruitment restraints.

In a symbolic gesture, the president is understood to have ordered that up to 200 jobs in his Planalto Palace executive offices must be axed.

However, resistance to controls is likely to persist. Mr Bresser, the former Finance Minister, is reported to be already opposing plans to impose pay restraints on the state sector.

Canadian court strikes down abortion law

CANADA'S Supreme Court ruled yesterday that the country's restrictive abortion law unconstitutionally interferes with women's right to control their own body. AP reports

In a 5-2 decision after 16 months of deliberation, the court said the current law, which permits only "therapeutic" abortions approved by hospital committees, violates the fundamental justice guaranteed in the constitution.

The court said the law violates the Charter of Rights and Freedoms enacted in 1982. Many areas, including the province of Prince Edward Island, have no hospitals authorised for abortions.

The ruling mirrors the 1973 US Supreme Court decision striking down the US law restricting abortion.

Dassault in fighter offer to Indonesia

By John Murray Brown in Jakarta

DASSAULT-BREGUET, the French aeronautics company, has offered a joint manufacturing licence to Indonesia to build its Super-Étendard, the light ground-attack fighter which is now out of production in France.

Mr Serge Dassault, the company president, said in Jakarta yesterday that he had discussed the proposal, under which Indonesia would be able to sell the fighter to other countries in the region, with President Suharto and Dr Jusuf Habibie, the Technology Minister.

The move by Dassault is part of a concerted sales drive by the French defence industry in Indonesia. General Dynamics of the US already has a joint venture agreement, selling its 12 F-16 fighters under offset terms in 1982 worth \$337m. Dassault with its Mirage 2000, despite reportedly offering to cover the full costs under offset and countertrade deal.

British Aerospace with Rolls-Royce has also stepped in with its Hawk 200, the single-seater, multirole combat aircraft.

In November, Rolls-Royce signed co-operation agreement with IPTN, the Indonesian aircraft manufacturer, in a bid to improve its chances on the deal.

Mr Jacques Boyon, French Secretary of State for Defence, is due in Jakarta next week, heading a large sales team. Paris has its sights set on the new light tank contract, where Aérospatiale, a previous supplier to Indonesia, is likely to be competing with the new FMC Mark 5 tank built by Vickers of the UK.

Norwegians to boost chemical fleet

J.O.OFFJELL of Norway has signed an Nkr450m (\$45m) agreement with Sweden's Johnson Line aimed at upgrading its chemical tanker fleet. The deal would make Odjell's fleet the third largest in the world. Karen Fossell reports from Oslo.

The agreement also calls for Odjell to lift its stake in Johnson Line's JO Tankers from 50 per cent to full ownership.

Peter Montagnon interviews a minister with firm views on the Uruguay Round of trade negotiations

Gatt talks 'need' special tactics from Europe

"INTERNATIONAL TRADE politics is not a ladies' tea party," says Mr Michel Noir, France's Trade Minister. "It is a rugby international and you can easily come away with a broken nose."

These are fighting words from a politician who none the less argued in an interview this week that the Uruguay Round of multilateral trade negotiations now under way in Geneva was moving ahead at a satisfactory pace with a good chance of reaching a conclusion at the end of next year.

Tall, good-looking, an accomplished orator, a keen cyclist and chess player, Mr Noir is one of those politicians who can easily appear larger than life. Yet where the Uruguay Round is concerned, he has his feet firmly on the ground. A certain firmness will still be necessary to ensure it is a success.

Among the conditions for a satisfactory outcome were parallel progress towards improved international monetary stability and a clear detouring on the part of both Japan and the fast growing East Asian developing countries of their willingness to open their markets.

Beyond that it would be dangerous to set too much store by specific progress at the time of

the ministerial mid-term review of progress in the Uruguay Round, now expected to take place in Canada around the end of the year.

Mr Noir expressed doubts on this review on two fronts. First, the timing was awkward because it would come in the transition period following the US presidential elections. In Lausanne last month, he suggested to ministerial colleagues that the review should be brought forward well ahead of the elections. This week he said the question of timing was "still open."

Second, he warned against US ambitions for the review to reach concrete agreement on specific aspects of the Uruguay round negotiations. "Those who imagine that it would be good to have a result on one or two subjects would increase the risk for the whole negotiation," he said.

There should thus, he said, be no expectations of concrete results by the time of the mid-term review on either agriculture or trade in services, both of which were areas in which the US has been pushing hard. The essential point about the negotiations was that it had to be treated as a complete package.

This is very much in keeping

with the conventional European view that there must be no special deals at an early stage which might prejudice negotiations on everything else. "If we really want it (the round) to be a success, we mustn't put ourselves in the worst tactical position."

The mid-term review could still be a success if it made a convincing declaration of progress in every domain touched by the talks, he said.

The European global approach also applied to institutional reforms designed to strengthen the General Agreement on Tariffs and Trade (Gatt), which some trade officials regard as likely to be in the forefront of the review because they are less controversial than concrete commitments to reform of the trading system itself.

Global talks to reform world agriculture are unlikely to make major farm policy changes because of sharp differences between the European Community, Japan and the US, according to a US trade expert.

The current round of Gatt negotiations is not likely to produce any major progress toward liberalisation of agricultural trade," said Mr Robert Faaborg, director of the Wesley College in Massachusetts.

The Reagan Administration's goal of reaching a global farm trade accord to reduce subsidies by the end of 1985 - known as the "Uruguay Round" - was unrealistic, he added.

Mr Noir said he could see no objection to the idea of the Gatt instituting a system of country reviews designed to weed out inappropriate trade policy measures, but he was lukewarm about two proposals from Mr Clayton Yentzer, the US Trade Representative.

He said Mr Yentzer's idea of closer ministerial involvement in the Gatt to give it more political clout was all well and good, but ministers should not get in the way of actual negotiations at the official level. He was also sceptical about the notion that the Gatt could introduce some form of binding arbitration into its dispute settlement procedures.

The Gatt functions on the credibility of reciprocal commitments," he said. "It would be almost to deny the existence of this, if you said you wanted it to be a tribunal."

In the background, Mr Noir said he had detected a distinct improvement in the US attitude towards trade policy since the stock market crash of last October. "The virtue of this crisis is that it made the US understand that protectionist measures are not a solution." Monetary stability was also important.

Even the dispute between the US and the EC over Airbus subsidies had taken a decidedly constructive course following the steep decline of the dollar. "The climate has changed a bit and we are no longer in a situation of ultimatum."

That still left the problem of Japan and the fast-growing developing countries of Asia. These latter countries "can't throw tens of billions of dollars on to the markets of the US and EC and refuse to respect the rules - on intellectual property, for instance, or on counterfeiting."

Japan had announced measures to stimulate its economy and to open its market, but Mr Noir professed himself still somewhat of a "doubting Thomas."

In so-called "screwdriver plants" established by Japan to assemble products in Europe from cheaply imported components, he said "we can't accept such a variety of neo-colonialism."

As far as Europe was concerned, progress along the road to a unified internal market by 1992 was very important in the context of the Uruguay Round.

The idea was not an escalation of European isolationism and protection. It was, in fact, the offer of a large market to those international trading partners who were prepared to obey international rules.

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Seoul eases ban on services investment

SOUTH KOREA, caught in mounting trade disputes with the US, has partially lifted its ban on foreign investment in services, Agencies reports from Seoul.

Officials said overseas participation in such industries as film-making, advertising and trading agencies would now be allowed.

The measure is mainly aimed at avoiding US pressure but we expect further American demands for market-opening," one official said.

Finance Ministry officials said the action would allow foreign businessmen to invest in joint-venture advertising companies as minority shareholders.

Foreign investment exceeding 50 per cent of equity holdings in joint-venture advertising companies would still be banned, officials said.

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The 1987 US trade deficit with South Korea reached \$10bn, up from \$7.5bn in 1984.

Record exports for Swiss watch industry

By John Wicks in Zurich

SWITZERLAND'S watch industry achieved record exports of Sfr4.34bn (\$1.8bn) last year, despite the strength of the Swiss franc. Exports amounted to Sfr4.27bn.

On average terms, exports fell slightly from 60.7m to 59.7m watches, an increase in electronic models falling to offset a decline in mechanical watches.

Sales of medium-priced watches and movements fell "noticeably" according to the Federation of the Swiss Watch Industry, while cheap watches showed a volume increase of 3 per cent.

The US remained the biggest single market for Swiss watches but the value of exports fell during 1982 to Sfr827.8m. If currency rates had remained unchanged, the industry would have shown an increase of 17 per cent.

Other main customers were Hong Kong, Italy, and West Germany.

Argentine plastics sector attracts foreign interest

BY OUR BUENOS AIRES CORRESPONDENT

A SUDDEN spate of overseas investor interest in Argentina's plastics sector is gathering pace after decades of official indifference and inaction.

Two bids in less than a week to build a polypropylene plant in Argentina have prompted the Government to announce it is having some success in its efforts to break with a past where nationalist sentiment and an unwieldy bureaucracy repeatedly blocked foreign investment initiatives.

The latest focus of interest is Argentina's market for polypropylene, a lightweight polymer plastic. Domestic demand is 300,000 tonnes annually and all of it has to be imported.

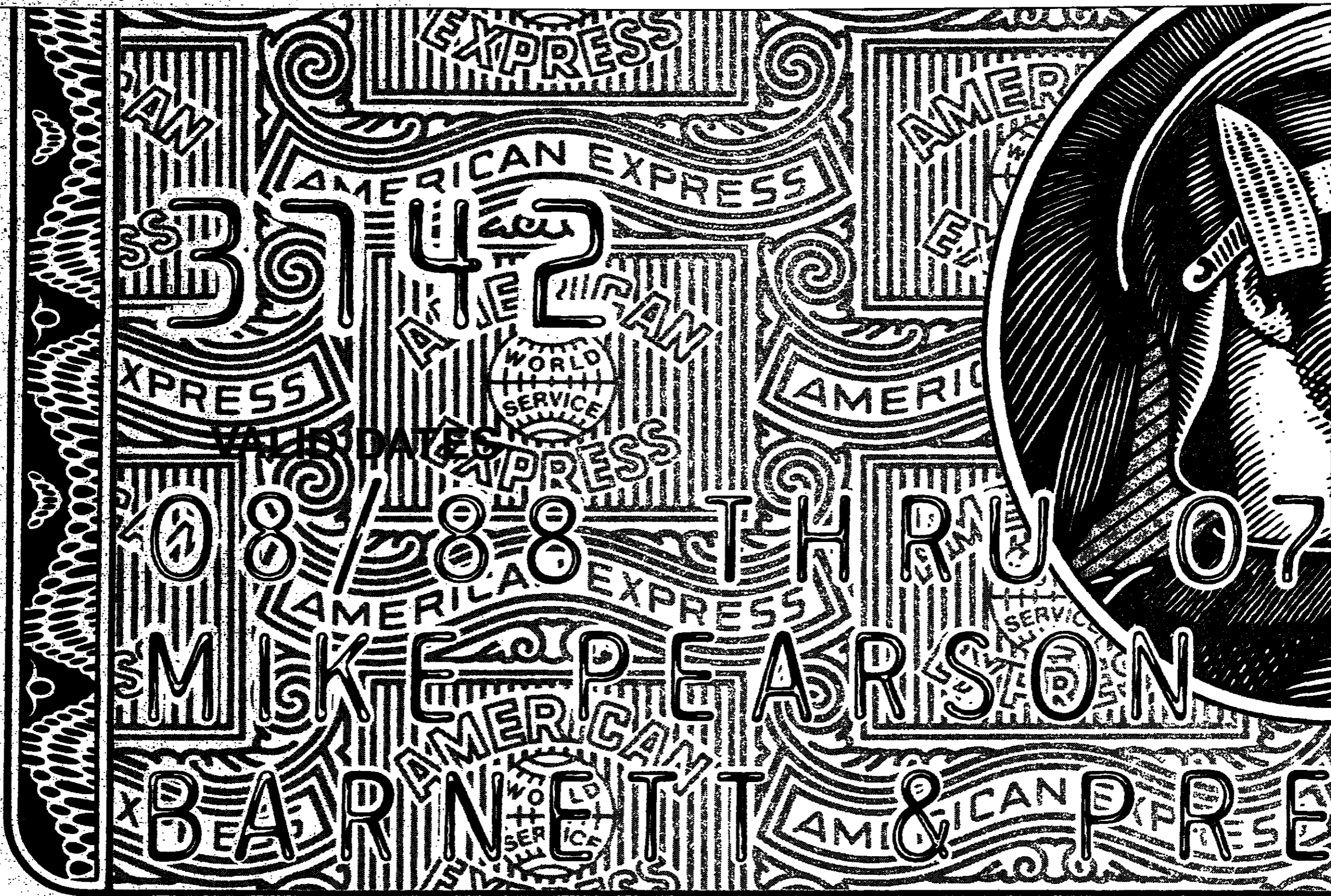
Even as the Italian conglomerate, Montedison, announced this week that it has signed a letter of intent for a polypropylene plant, Royal Dutch-Shell's subsidiary in Argentina claimed it had President Saul Alfonsín's support for a similar project.

In both cases, capacity has been set at 100,000 tonnes a year, leaving a substantial excess for export. While Montedison has not yet put a value on its bid, the chief executive officer of Shell Argentina, Mr Jacques Schraven, estimated after meeting Mr Alfonsín early this week that the cost of his project would be about \$120m.

Both groups have taken local partners from the top line of the Argentine private sector. Montedison chose Perez Companien, an oil-based company which is now trying to diversify its interests. Shell's partner is the Ispako group, active in Argentine plastics production for the past 30 years.

Mr Schraven said Shell's plan marked a new venture for the group in Argentina, where its activities are currently focused on oil exploration, refining and marketing.

Observers here note that Montedison submitted its bid a month after Argentina and Italy signed a wide-ranging economic co-operation agreement.



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Company _____

Address _____

Number of travelling employees _____



MANAGEMENT

David Lascelles concludes the story of a banking disaster

The £1bn cost of an ill-starred excursion

Midland and Crocker took elaborate precautions to prevent a panic when they announced the \$324m loss which Crocker suffered in 1984. Midland set up a \$375m rescue package. Crocker's title were heavily manned to ensure that its branches remained orderly. But the news was greeted calmly by retail customers, and there was no sign of unusually large withdrawals.

But the task was not over. Midland still had to deal with the professional depositors. The danger was that Crocker's troubles would force the US credit rating agencies to downgrade it to a level which would automatically oblige big institutions to withdraw their funds.

Michael Julien, Midland's finance director, and Frank Cahouet, Crocker's chairman, had calculated that as much as \$4m might be at risk, so they went to New York and spent eight hours trying to persuade Keefe Bruyette & Woods, the leading bank rating agency, to leave its Crocker rating unchanged.

Julien was particularly worried about Dreyfus, one of the US's largest fund managers, which had \$1bn on deposit with Crocker. Fortunately, Keefe Bruyette preserved its Crocker rating, and Dreyfus remained loyal.

In the end, Midland did not have to use a penny of the \$2m cash hoard which it had gathered for the emergency. But the precariousness

of its position was underlined by its own results for 1984. These showed a profit of £135m, including the effect of Crocker's \$22m loss. But £134m of this was the profit which Midland had made by selling Crocker's San Francisco headquarters to raise some quick cash. In other words, Midland had come within £2m of becoming the first UK clearing bank ever to make a loss.

For Midland's hard-pressed management at its head office in Poultry - Sir Donald Barron, the chairman, Geoffrey Taylor, the chief executive, and Julien - the sense of relief at the success of the rescue was enormous. Crocker had ruined two Christmases in a row, with little respite in between, but it was finally under control.

The tidying up operation got under way. Midland bought out the 43 per cent minority shareholders of Crocker, giving it 100 per cent ownership at least. It also embarked on a plan to wind Crocker down and reduce it to the status of a regional bank in the far west.

But this met stiff opposition from Cahouet and his colleagues in San Francisco who wanted to do the exact opposite: rebuild the bank to its former glory. They wanted to establish a merchant banking subsidiary and open branches all round the Pacific rim. Cahouet argued that he had hired a talented team to save Crocker with the promise that they

would do great things. Remove those prospects, he said, and morale would collapse.

Cahouet even objected to a proposal by Midland to relieve Crocker of its Latin American loans because that would make it less of an international bank.

Foultry dithered, but in the end it stuck to its guns for the simple reason that Cahouet's plans were far too costly for Midland when it was already living off its fat. In fury, Crocker's directors went so far as to telephone the Comptroller's Office in Washington one day to complain about Midland in terms replete with the imagery of 1776.

Quite by coincidence Taylor, Brian Goldthorpe (Midland's head of risk management) and Thomas Jefferson Cunningham (Midland's representative on the Crocker board), happened to have an appointment of their own at the Office only hours after the call was made. They realised they might have an ally there when an official jokingly offered to introduce the Crocker directors to officers from Continental Illinois (who had been disbarred from banking after their bank's near collapse the previous year). Taylor also paid a call on Paul Volcker, the Fed chairman.

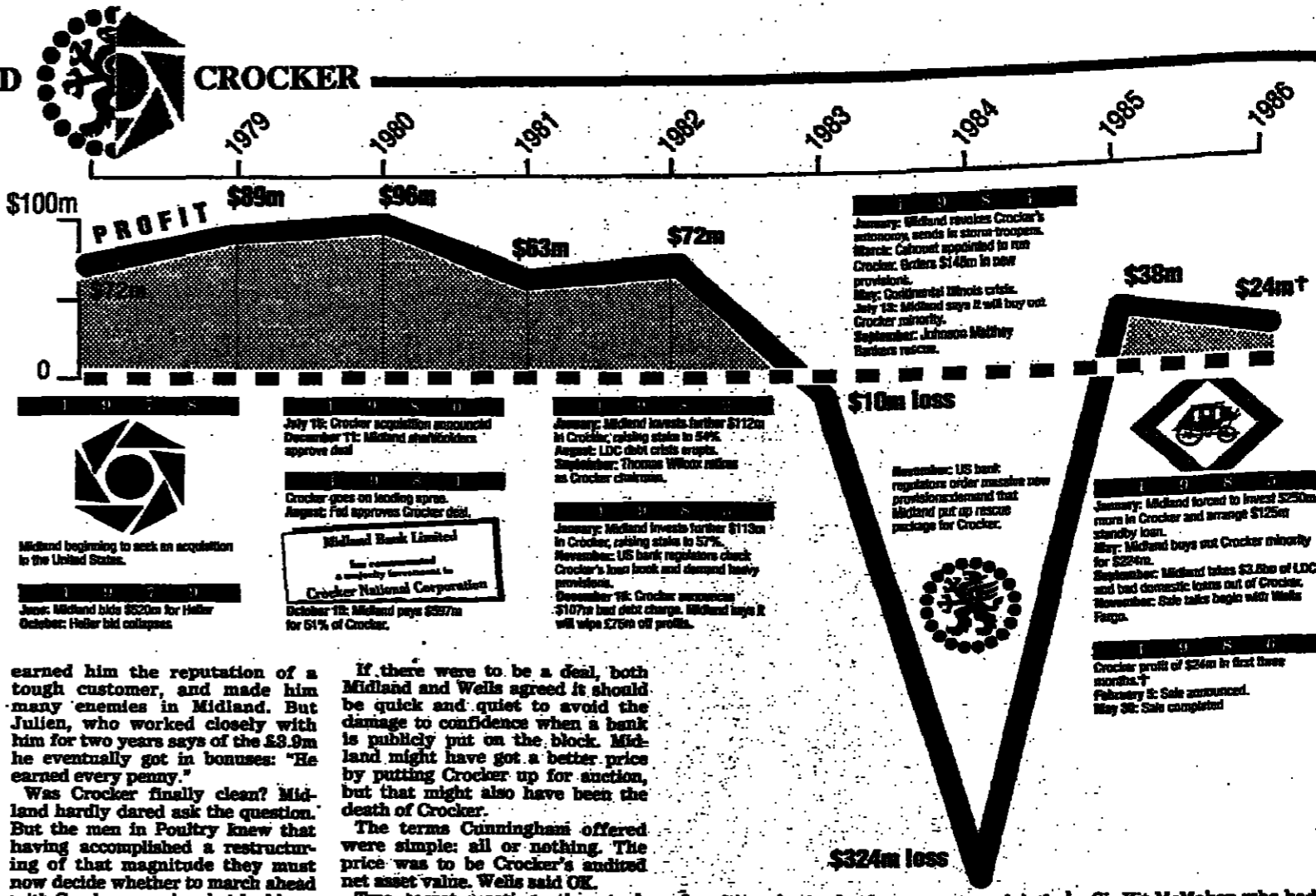
That spring, both Goldthorpe and Cunningham feared that Poultry would now slacken its efforts to get Crocker straight, while it was obvious to them that the bank was still desperately sick and in need of intensive care.

But when Cunningham barely on speaking terms with Cahouet because of the tussle over Crocker's future, and with Goldthorpe viewed as a gloom merchant in Poultry, neither made much headway. Goldthorpe did, however, manage to get a new work-out team sent to San Francisco to take over from the storm-troopers who had sorted out the loan book.

All through the summer of 1985 the arguing with Cahouet continued until finally he agreed to yield up Crocker's international business - but only on condition that he be put in charge of Midland's entire US operations.

In a highly technical transaction - the banking equivalent of an organ transplant - Midland took billions of dollars of bad loans out of Crocker and put them in a new Midland subsidiary called Bracton (named, with deliberate irony, after an English jurist known for his integrity).

It also transferred Crocker's Latin American loans on to its own books. The transplant was completed just before Crocker had to report its third quarter earnings on September 30, so it was spread the further write-offs which Goldthorpe and Cunningham knew would be necessary, particularly on Latin America. Cahouet's battle over Crocker



earned him the reputation of a tough customer, and made him many enemies in Midland. But Julien, who worked closely with him for two years says of the \$3.9m he eventually got in bonuses: "He earned every penny."

Was Crocker finally clean? Midland hardly dared ask the question. But the men in Poultry knew that having accomplished a restructuring of that magnitude they must now decide whether to march ahead with Crocker - or do what had been at the back of their minds all along: sell it.

Some of them, particularly Julien, felt that Midland should keep it now that it was finally back in profit. But most of them knew that the nightmare would only end once Crocker was gone for ever, and Julien was persuaded that the financial and management cost of keeping it was too great. It would have been like driving a car that had been in a bad crash.

No one had ever offered to buy Crocker. But several California banks had put out feelers to see if branches were for sale. One of them was Wells Fargo.

If Crocker once considered itself to be the Harrods of California banking, then Wells was the McDonalds. Run with ruthless efficiency by Carl Reichardt, a former real estate man, Wells provided banking to the masses as if it was fast-food: quick, cheap and easy.

In May 1985, just as Midland was completing its buy-out of the Crocker minority, Sir Donald Barron, Midland's chairman, was attending a banking conference in Hong Kong. During a coffee break he met Paul Hazen, Wells's president, and they talked in guarded tones about some kind of a deal.

In November, Taylor had breakfast in San Francisco with Hazen and Reichardt, and broached the possibility of a sale. The response was positive, so Taylor went over to Cunningham, a skilled negotiator, for talks.

If there were to be a deal, both Midland and Wells agreed it should be quick and quiet to avoid the damage to confidence when a bank is publicly put on the block. Midland might have got a better price by putting Crocker up for auction, but that might also have been the death of Crocker.

The terms Cunningham offered were simple: all or nothing. The price was to be Crocker's audited net asset value. Wells said OK.

Two secret meetings then took place between top Midland and Wells executives in London in December and January at the Sheraton Hotel in Belgravia - chosen because it was out of the way, and managed by Taylor's son who could be relied on for discretion.

In the talks, Crocker was codenamed "deer", Wells was "sparrow" and Midland "plover". The Californians flew in on the overnight plane, held their talks, and flew straight back again.

After the outline of a deal was struck, Julien and Cunningham got to work on the details, and gradually the circle of those in the know began to widen as lawyers and investment bankers were brought in.

The announcement was set for February 7. At 10pm the previous evening San Francisco time, Wells began to brief its staff, and in no time the news had spread around the world. It was then that in London where Julien was still negotiating the final tax details.

But it was a fait accompli. After six and a half years of hell, Midland owned Crocker no more.

Wells had agreed to pay \$1.1bn, which was the value at which Midland carried Crocker on its books. But owing to differences in UK and US accounting practices, this was more than Crocker was worth in US terms. So Midland felt it had secured a good price.

It was not true, though, as some people in Midland were suggesting, that it had got its money back. The sale price had certainly recouped the cash cost of acquiring and recapitalising Crocker (respectively \$820m and \$260m).

But it took no account of the cost

of writing down the loans transferred to Bracton (\$160m) or the further provisions which Midland has since had to make for Crocker's Latin American loans (\$600m). And then there was the opportunity cost of its huge investments over the years, amounting to some \$700m, and the unquantifiable cost in management time and effort. In round figures, Midland's total loss from its ill-starred excursion to the New World must have approached £1bn.

Whereas it took the US authorities 14 months to approve the purchase of Crocker, they were so thankful to see the bank of Midland after all the trouble that they approved the sale in only a month. In his final word on the subject, Barron told Midland shareholders that Crocker would never have achieved the necessary market share in California "even with Midland's full backing".

True, in form, Wells wanted no time in knocking its purchase into shape. Reichardt immediately advised 1,900 of Crocker's employees, and all but two of its senior officers. One hundred and twenty branches were closed, and \$60m of unwanted loans sold off.

Crocker's name soon vanished from its branches to be replaced by Wells Fargo. Today, barely a trace of it remains. "Crocker has gone," says a Midland man. "But it would have gone by itself."

Crocker has even been erased from Midland's chronicles. A new history of Midland published last year deliberately stops in the late 1970s because memories of the Crocker trauma are still too vivid to get it all in perspective.

Midland, too, is barely recognisable. Sir Donald Barron and Geoffrey Taylor have retired, to be succeeded

jointly by Sir Kit McMahon who had observed Midland's travails from his vantage point as Deputy Governor of the Bank of England. He paid tribute to their "courage and steadfastness".

Michael Julien left in July 1986 to help start up Eurontel, and later moved on to Guinness. John Harris joined Great Universal Stores. Frank Cahouet is now putting another problem bank straight, Mellon in Pittsburgh.

Tom Wilson has retired to Long Island. A vigorous 71-year-old, he still believes that the whole Crocker episode would never have happened if he had Malcolm Wilson had been five years younger, and done it their way.

Mike Patricia left the Comptroller's Office to join the Federal Home Loan Bank Board in San Francisco. Of the key players, only Brian Goldthorpe is still at Midland, where he runs the domestic banking division, and Thomas Jefferson Cunningham remains an adviser in New York.

Management experts will pore long and hard over Midland and Crocker, and conclude that Midland was punished into making a purchase which it was hopelessly ill-equipped to handle.

Its greatest error was in handing \$800m to someone it could neither understand nor control. But after that, Crocker became like a Greek tragedy, working its way towards a fatal conclusion while the protagonists could only wring their hands and howl. Like all good drama, it was also cathartic, and to that extent Midland may have done others a service.

MIDLAND/CROCKER THE FINAL CHAPTER



Carl Reichardt: Chairman of Wells Fargo, "the McDonalds" of the California banking business. He made two secret trips to London to buy Crocker off Midland, and quickly stripped out the bits he did not want. Today, Crocker has completely disappeared inside Wells Fargo. Later, Reichardt also bought Barclays' California bank.

Sir Kit McMahon: new chairman and chief executive of Midland Bank who observed its travails as Deputy Governor of the Bank of England. Sir Kit applied radical surgery to the Midland group, and found it a new international partner in the Hongkong and Shanghai Bank. Paid tribute to his predecessors' "courage and steadfastness".

Peter Cooke: assistant director of the Bank of England in charge of banking supervision. He travelled to San Francisco to see Crocker for himself. The bank was in constant touch with the US bank regulators, but was powerless to do much in the Hongkong and Shanghai Bank and except encourage Midland in its rescue effort and guard against a crisis.

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COMMERCIAL PAPER

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NOTICE OF REDEMPTION To the Holders of United Mexican States

10% External Bonds due February 15, 1990

NOTICE IS HEREBY GIVEN that, pursuant to the Bond Service Agreement dated as of February 15, 1975 between United Mexican States and Chemical Bank New York Trust Company, an Antitrust Act Agent, Manufacturers Hanover Trust Company, Registrar, The Chase Manhattan Bank, N.A., as Fiscal Agent, \$2,014,000 principal amount of the above described Bonds are hereby called for redemption on February 15, 1988 through the operation of the Sinking Fund at the principal amount thereof and accrued interest to the redemption date. The Bonds to be redeemed will have been drawn by lot by Manufacturers Hanover Trust Company, Registrar, as follows:

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FME 10344	1,000	FUJ 5797	1,000	FUJ 5892	25,000	FUJ 6004	1,000
FME 10345	1,000	FUJ 5798	1,000	FUJ 5893	25,000	FUJ 6005	1,000
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FME 10355	1,000	FUJ 5808	1,000	FUJ 5903	25,000	FUJ 6015	1,000
FME 10356	1,000	FUJ 5809	1,000	FUJ 5904	25,000	FUJ 6016	1,000
FME 10357	1,000	FUJ 5810	1,000	FUJ 5905	25,000	FUJ 6017	1,000
FME 10358	1,000	FUJ 5811	1,000	FUJ 5906	25,000	FUJ 6018	1,000
FME 10359	1,000	FUJ 5812	1,000	FUJ 5907	25,000	FUJ 6019	1,000
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FME 10361	1,000	FUJ 5814	1,000	FUJ 5909	25,000	FUJ 6021	1,000
FME 10362	1,000	FUJ 5815	1,000	FUJ 5910	25,000	FUJ 6022	1,000
FME 10363	1,000	FUJ 5816	1,000	FUJ 5911	25,000	FUJ 6023	1,000
FME 10364	1,000	FUJ 5817	1,000	FUJ 5912	25,000	FUJ 6024	1,000
FME 10365	1,000	FUJ 5818	1,000	FUJ 5913	25,000	FUJ 6025	1,000
FME 10366	1,000	FUJ 5819	1,000	FUJ 5914	25,000	FUJ 6026	1,000
FME 10367	1,000	FUJ 5820	1,000	FUJ 5915	25,000	FUJ 6027	1,000
FME 10368	1,000	FUJ 5821	1,000	FUJ 5916	25,000	FUJ 6028	1,000
FME 10369	1,000	FUJ 5822	1,000	FUJ 5917	25,000	FUJ 6029	1,000
FME 10370	1,000	FUJ 5823	1,000	FUJ 5918	25,000	FUJ 6030	1,000
FME 10371	1,000	FUJ 5824	1,000	FUJ 5919	25,000	FUJ 6031	1,000
FME 10372	1,000	FUJ 5825	1,000	FUJ 5920	25,000	FUJ 6032	1,000
FME 10373	1,000	FUJ 5826	1,000	FUJ 5921	25,000	FUJ 6033	1,000
FME 10374	1,000	FUJ 5827	1,000	FUJ 5922	25,000	FUJ 6034	1,000
FME 10375	1,000	FUJ 5828	1,000	FUJ 5923	25,000	FUJ 6035	1,000
FME 10376	1,000	FUJ 5829	1,000	FUJ 5924	25,000	FUJ 6036	1,000
FME 10377	1,000	FUJ 5830	1,000	FUJ 5925	25,000	FUJ 6037	1,000
FME 10378	1,000	FUJ 5831	1,000	FUJ 5926	25,000	FUJ 6038	1,000
FME 10379	1,000	FUJ 5832	1,000	FUJ 5927	25,000	FUJ 6039	1,000
FME 10380	1,000	FUJ 5833	1,000	FUJ 5928	25,000	FUJ 6040	1,000
FME 10381	1,000	FUJ 5834	1,000	FUJ 5929	25,000	FUJ 6041	1,000
FME 10382	1,000	FUJ 5835	1,000	FUJ 5930	25,000	FUJ 6042	1,000
FME 10383	1,000	FUJ 5836	1,000	FUJ 5931	25,000	FUJ 6043	1,000
FME 10384	1,000	FUJ 5837	1,000	FUJ 5932	25,000	FUJ 6044	1,000
FME 10385	1,000	FUJ 5838	1,000	FUJ 5933	25,000	FUJ 6045	1,000
FME 10386	1,000	FUJ 5839	1,000	FUJ 5934	25,000	FUJ 6046	1,000
FME 10387	1,000	FUJ 5840	1,000	FUJ 5935	25,000	FUJ 6047	1,000
FME 10388	1,000	FUJ 5841	1,000	FUJ 5936	25,000	FUJ 6048	1,000
FME 10389	1,000	FUJ 5842	1,000	FUJ 5937	25,000	FUJ 6049	1,000
FME 10390	1,000	FUJ 5843	1,000	FUJ 5938	25,000	FUJ 6050	1,000
FME 10391	1,000	FUJ 5844	1,000	FUJ 5939	25,000	FUJ 6051	1,000
FME 10392	1,000	FUJ 5845	1,000	FUJ 5940	25,000	FUJ 6052	1,000
FME 10393	1,000	FUJ 5846	1,000	FUJ 5941	25,000	FUJ 6053	1,000
FME 10394	1,000	FUJ 5847	1,000	FUJ 5942	25,000	FUJ 6054	1,000
FME 10395	1,000	FUJ 5848	1,000	FUJ 5943	25,000	FUJ 6055	1,000
FME 10396	1,000	FUJ 5849	1,000	FUJ 5944	25,000	FUJ 6056	1,000
FME 10397	1,000	FUJ 5850	1,000	FUJ 5945	25,000	FUJ 6057	1,000
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All of the above Bonds or portions thereof to be so redeemed should be surrendered for payment at the offices of the Fiscal Agent, The Chase Manhattan Bank, N.A., Corporate Bond Redemption, P.O. Box 2020, 14th Floor, One New York Plaza, New York, New York 10015, or at the principal offices of the Fiscal Agent in London, England, Paris, France, Milan, Italy, Frankfurt, Germany, Zurich, Switzerland, and Beirut, Lebanon accompanied in the case of coupon bonds by the August 15, 1988 and subsequent coupons attached. The February 15, 1988 coupons should be detached and presented for payment in the usual manner. Upon surrender of a fully registered Bond a portion of which is to be redeemed a new Bond or Bonds in the aggregate principal amount of the unredeemed portion shall be issued in the name of the holder of such surrendered Bond.

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TECHNOLOGY

Right formula - wrong answer

Clive Cookson explains why oil companies still see a future for petrol additives

THE OIL companies will go on increasing the research effort devoted to developing additives for petrol, despite the much publicised demise of Formula Shell, according to technical experts in the oil and motor industries.

Shell announced this week that it was no longer putting its Formula Shell "additive pack" into leaded petrol, because it could damage car engines in certain rare circumstances. But Peter Barlow, a technical manager with Shell UK, emphasises: "We see additive technology as being very important for our future and we remain committed to Formula Shell for unleaded petrol, the 'fuel of the future'."

"We're not going to take the opportunity to knock Shell," says an executive with a competing company. "The industry generally will be feeling for them." The major oil companies are spending tens of millions of dollars a year on research to develop additives that distinguish one brand from another, and they will not let the withdrawal of Formula Shell discourage them.

The growing emphasis on additives does not just reflect the wish of marketing departments to establish brand loyalty and counteract the widespread belief that all petrol companies really sell an identical smelly liquid. There is also a good technical justification.

As car engines become more complicated - partly because they have to meet increasingly stringent pollution controls - they become more vulnerable to deposits of dirt that build up around their moving parts. (A modern

engine recycles partially burned gases, which contain unstable hydrocarbons; these are liable to lay down carbonised deposits inside the carburettor and inlet valves.) So engines rely increasingly on detergent-like additives in the petrol to remove dirt as it builds up.

Formula Shell - the outcome of a £40m research, development and promotional campaign - was launched in May 1986 with two new additives. One was an improved detergent to keep the engine clean. The other more novel ingredient was a potassium compound called a spark aid, which gave the engine a more constant ignition and therefore made the car drive more smoothly, particularly in the cold. The spark aid worked by altering the surface of the spark plug electrodes and reducing the resistance to the passage of the spark.

It was an excellent concept but sadly for Shell the formula was not quite right. The damage caused by Formula Shell showed up first in Scotland when Vauxhall cars run by Fiat began to suffer from sticking engine valves. Vauxhall Motors alerted its dealers and fleet owners and discovered that about 400 Cavaliers and Astras had been affected. Vauxhall spokesman Ken Moyes says their valves "became coated with a kind of varnish." This led to burning around the valve seats. Shell and Vauxhall agreed to share the costs of repairing the damaged engines.

Peter Barlow of Shell says Formula Shell has caused no more problems in Britain

since last year when its composition was changed slightly. But it has damaged valves in Volvo and Volkswagen engines in Scandinavia.

On the first report of trouble, Shell set its scientists to work investigating what was to them a mystery. Barlow says they managed to reproduce the damage in a test car by "having lots of cars doing a police driving cycle up and down motorways." The scientists do not yet understand the exact cause of the problem, although they know that it results from "antagonism" between the spark aid and the anti-knock chemicals in leaded petrol.

Shell has withdrawn leaded Formula Shell partly because it could again cause valve problems in "certain rare circumstances." But the decision was made mainly to protect the company's image in the face of an impending public relations disaster.

John Wood, chief engineer of the Royal Automobile Club, sympathises with the Shell scientists "who set out to pioneer an approach I'm sure we'll see more of." RAC experts acted as independent observers of Formula Shell's road trials, which involved driving 400 different cars over 4m miles. These showed a "statistically significant" improvement in the cars' overall performance, he says.

Shell is naturally reticent about its next step. "We've had to react pretty quickly to the research results about valve problems and it's obviously taking us a bit of time to get organised," Peter Barlow says. However, industry experts say Shell will have to add some form of cleaning



agent to its leaded petrol if it is to keep pace with its competitors, and it seems likely that the company will persevere with the cleaning agent used in Formula Shell.

Meanwhile, Esso is continuing to promote the virtues of "New Esso" petrol, launched in the UK last May, on the basis that it incorporates new additives which stop dirt building up in the engine.

Robert Watson, Esso's spokesman, says the leading oil companies are bound to devote more resources to improving the quality of their product, since "the demands of the consumer are increasing the whole time." And improving petrol means developing better additives.

John Wood of the RAC agrees. But he says faster progress would be made if the oil and motor industries worked more closely together. "In the future we need a wider 'systems' approach where the engine and fuel are designed together, instead of matching them up afterwards."

Hidden chemical mix within the modern litre

MODERN petrol contains a number of chemicals which are added to the basic hydrocarbon fuel at concentrations ranging from a few parts per million to several parts per thousand:

- Detergents to remove dirt from the carburettor and inlet system. These are the ingredients most frequently promoted as "additives" in advertising campaigns.
- Anti-knocking compounds to promote even burning of the petrol/air mixture and prevent "pinking" or "knocking" which can damage the engine. Tetra-methyl lead and tetra-ethyl lead are used in leaded petrol.

- Other octane improvers include "oxy-genates" such as methyl tertiary butyl ether (MTBE).
- Scavengers such as dibromo ethane to remove the combustion products of the anti-knock compounds from the cylinders.
- Anti-icing agents to prevent the carburettor icing up.
- Anti-oxidants to stop the fuel deteriorating during storage.
- Corrosion inhibitors to stop the fuel system rusting.
- Dyes to identify different grades of petrol.

Not only do different brands of pet-

rol contain slightly different mixtures of hydrocarbons and additives but any one brand will vary from time to time. All the companies blend components from their own and their competitors' oil refineries, and the mixture changes according to the supply of crude oil and the maintenance schedule of the refineries - a point that is not brought out in petrol advertising.

As the hydrocarbon blend changes other components of the petrol may have to be changed too. For example more oxygenate may be needed to maintain the octane rating.

WORTH WATCHING

Edited by Geoffrey Charlish

Chip makers face miniature blockade

RESEARCH WORKERS at Cologne University have some bad news for "chip" developers. They have shown that as a piece of metal is reduced in size, its electrical conductivity reduces until the point is reached at which its conduction stops.

Normally the effect is of little consequence, even in the latest chips, because the pieces of metal involved are not small enough. But the Cologne team has shown that if a dot of metal has a diameter of less than 0.0001mm, it becomes an insulator.

The effect has been named SMIT, standing for "size-induced metal-insulator transition" and is soon likely to make itself felt as the semiconductor industry seeks to reduce still further the density of the components on chip surfaces.

Measuring the resistance of a dot visible only under a microscope is tricky. Any attempt to make connections to it will completely mask the results. The Cologne team succeeded by suspending millions of the dots in oil and measuring the extent to which this "micro-emulsion" was able to absorb microwave radiation. The results enabled it to make accurate deductions about the dots' resistance.

Gunter Nimtz, joint developer of the method with Peter Marquardt, says that for the chip companies the limit to microminaturisation is probably between 0.5 and 0.1 of a micron (millionth of a metre).

Multi-lingual spin of the silver disc

Warrington in the UK is to use a microprocessor-based data acquisition and storage unit which is mounted inside the leg. A detector on the leg senses arrival at each process station and tells the microprocessor.

Similarly, sensors and a semiconductor memory measure and store the temperature, pressure and time intervals between readings. After the run, the unit is connected to a computer using Argenta software and the information displayed.

40 messages to fit the pocket

AIR CALL Communications of London is offering a pocket-sized paging unit able to receive, hold and display messages of up to 1,200 characters. As many as 40 separate transmissions can be held and the unit's memory works on a first-in, first-out basis to make room for new messages.

Messages can be located by scanning their headlines and any can be deleted at will. The display shows two lines of 16 characters each, and can be scrolled to reveal the remainder of a message.

The unit will work in most parts of the UK on Air Call's paging transmitter network.

Sony sharpens business displays

COMPREHENSIVE PRESENTATIONS can be made to business and technology audiences using a new £8,000 display projector from Sony of Japan.

The machine can accept signals from a variety of computers and give accurate and bright colour images on screen sizes from 72 inches to 250 inches. It can switch between computer graphics and ordinary TV images from any video source, or can overlay the computer graphics on the TV without adjustment by the operator.

Bright, sharp images result from a new lens design with combined glass and plastic construction.

Swedes sense out precious metals

IF THERE is still some gold "in them thar hills" the device from Swedish company Terraprobe International of Uppsala, might well be able to find it.

Terraprobe is a hand-operated device with a sensor probe on a long rod which is pushed into the ground by the prospector. The company claims that any gold particles encountered by the probe will generate an audible signal and light a lamp on the control panel.

The sensor in the tip, says Terraprobe, measures the electrical potential and conductivity of every metallic grain that it comes across. Particles down to a size of 0.005mm "cannot fail to be detected". In addition to gold, the Terraprobe can indicate the presence of platinum, magnetite, pyrites and certain copper-bearing minerals.

Brewing operations kept on the move

BREWERIES, which need to assess the efficiency of their beer leg sterilisation processes, often use a test leg containing conventional pressure/temperature gauges. Production stops while the readings are taken at points on a test run, and the method is labour-intensive and difficult.

One answer, from Anglton Process Automation of

Warrington in the UK is to use a microprocessor-based data acquisition and storage unit which is mounted inside the leg. A detector on the leg senses arrival at each process station and tells the microprocessor.

Similarly, sensors and a semiconductor memory measure and store the temperature, pressure and time intervals between readings. After the run, the unit is connected to a computer using Argenta software and the information displayed.

CONTACTS: Cologne University; the German Research Service on Beer 32010 Anglton Process Automation UK 0225 529240; Sony UK office 0784 07000; Air Call London 020 2200; Peter Marquardt, Cologne 0221 8244 and in the US on (317) 229 0304; Terraprobe International Sweden, 1325 7750.

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DTI
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Not even Shakespeare could do as much for your business letters as the latest Epson printer.

You would think that the greatest writer in history could have improved the quality of your business letters to an unrivalled degree. But if it were possible to employ Shakespeare today, would it really be advisable? Suppose he had to compose an apology to a less-than-merry wife from near Windsor who had been making much ado about being sent the wrong product. His reply would probably read something like this:

Shakespeare Ltd.
Stratford-upon-Avon Cosmetics

To Ornottobe Mews,
Bard Yard,
Stratford-upon-Avon.

O Mavis! 'Twas upon th'eleventh inst.,
When th'harbingers of Phoebus' chariot
I th'orient did jockeying day portend,
That I receiv'd th' thy dolourous dispatch.
With onion eyes, stark, I did straightway
Apprise me of th' occasion of thy plaint.
Whose guiltnesse, I know, o'erwhelm'd me quite.
Though 'Rose of Cherrubim' thou didst desire
To pluck thy lips with thine, by some mislay
"Cass" Strumpet's "Scholar" thou wert sent, I fear;
Which for thy beauteous visage was not meet
And did thy cherish'd Maidenhead offend.
Notwithstand'g I may perchance this fault redress
By giving that which thou prefer'd'st for sought.
For him that would I'd fain to thee make clear;
If thou think'st at th'error mine, th'art sore mistaken;
The want-wit thou shouldst blame is Francis Bacon.

William Shakespeare

The language is not nearly plain enough for business correspondence, and the letter is far too long-winded, even without the three pages of footnotes which usually accompany every line written by the Bard. (The use of abbreviations such as 'receiv'd' and 'prefer'd' seems to be a rather poor attempt to shorten it.)

Furthermore, Shakespeare is known to have spelt his own surname in eleven different ways, which would hardly inspire confidence in a business client today.

Yet to be fair to the great man, there are many other literary giants who would have been even less successful at this particular craft.

The Restoration dramatists' habit of writing the letter 'f' instead of 'v' would be somewhat embarrassing (perhaps disastrously so for makers of vacuum cleaners).

But when it comes to strange spelling, Geoffrey Chaucer certainly takes some beating. One can just imagine how he would write a character reference:

Chaucer
Yarn Merchants

*Severe, Pilgrimes Street,
Estat of Induistry,
Canterbury,
Engelond.*

Of oon greet man I wolde you speke a word;
By his, al oghter heem nat worth a toord.
This leered wight ycleped was Herbert Jones,
Y-wis, I woot; and nootly for the nose.
Wel koude he wyte and rekene with a Bk,
And nevere wolde he untrewe ryngne lye.
Nether so troy a man as he ther nas;
Wan that the tyme for dyser comen was,
Ful looth were hym to drynken ale, pardee,
Or throuwen arses in the hostelrye.
He yaf nat for swich ydelnesse a tosse,
But al the day wolde verben for his bosses;
So this yonge Herbert hadde noght heighe renowne.
His tonge, seyde alle, was overmychel broun.
But, natheles, his kyndnesse was moost pleyn;
For he yaf us a fyvere so to seyn.

Geoffrey Chaucer

To think that our children should be exposed to such lamentable orthography in their schools! It is a national disgrace. However, the spelling of the greatest-ever Scots poet Robert Burns was no better, and the regional nature of his vocabulary would probably be discernible in even the simplest communication, such as a gentle reminder to a client to settle his account:

R. BURNS.
Anld Lang Sigswriter

Wec, sleekit housie,
Two, Haggis Hill,
Banks and Braes
o' bonny Doon,
Scotia.

Ye De'ill ye awa me twantie poun!
I canna bidde mee sair;
Sae if ye dinna gie to soon,
I'll come an' flae ye bare.

I ettie enib ye wi' my nieve
In wude unsonie an' dark;
Your clatty slae I'll alblins rive
An' lunt your daddie sark.

Your breeks I'll wi' a crummock whang
Tae mak ye skreich an' cour.
Ye winna find, whaur'er ye gaug,
Nae bield frae a' my poor.

For unco canty wad I be
Tae dae ye meikle hairn.
I'll brak your banes that I ma see
A stookie an your airn.

I'll shelp your shanks tae mak ye loup
An' mang the thrissles gae.
Then I'll my walle whittle doup
An' sneed your hurdies tae.

Your gab an' neb I'll ding an' dirl,
An' syne I'll stound your noddle.
But gif I smoor ye whan ye skirl,
I care na de'ill a boddle.

Robert Burns

A business letter written by the nineteenth-century American poet Henry Wordsworth Longfellow would at least be comprehensible:

LONGFELLOW INC.
Tallyho makers

By the shore of Glacé Gemen,
By the shining Big-Sun-Water,
Nowhere near the Rocky Mountains
Of the Kingdom of the West-Ind,
C21 285.

Madjakrisia has beset us,
Made us all cry, "Wudjoo Blessvit!"
For we have run out of wood screws,
Gleaming, shining, 10 mill. wood screws,
Screws that hold the alliboy doors on,
Hold the tank-look chipboard doors on,
Screws that bear the reference number
KBS85/7.

Very great the number wanted,
Very large the total needed,
Very many screws required,
Twenty thousand screws required.
Fratric, anxious are we getting,
Cannot help but panic, panic.
Very urgent, urgent, urgent,
Urgent, urgent is our order,
Urgent and substantial order.
Very quickly must we have it,
Quickly have we very it must.
Please deliver by next Monday,
Dum-de-dum-de-dum-de-dum-de,
If you cannot, I will fetch it,
Fetch it in my Minnecoops,
My beloved Minnecoops,
Which I bought on Hissurchas.
Yours sincerely, most sincerely,
Yours most utterly sincerely,

William W. Longfellow

Unfortunately, Longfellow's use of rhythm and repetition becomes unbearably irritating after any length of time. Perhaps the more direct and frank style of D. H. Lawrence would be more effective. His initials suggest that he might have been cut out to be an international freight courier — so what sort of sympathetic, concerned reply would he have given to the complaints that inevitably occur from time to time?

D.H. Lawrence & Sons & Lovers
Manother House,
Hassler Way,
Flat-out-on-Chatterley,
Tilott,
Wills.

Weld love to handle your goods.

Dear Sir,
— — — — —
Yours,
D.H. Lawrence

P.S. And you can — — — — — your — — — — — as well.

On reflection, perhaps he would not be so suitable after all. It is hard to imagine some of the other major writers of the twentieth century faring any better at drafting commercial correspondence. For example, how might James Joyce have written to accept a job?

Useless House,
Furryngonson Wayke,
Troublin',
Direland.

JAMES JOYCE
Photographer

Portraits of young men a speciality

Dear Sir,

Sanctuary much fjord queryspendunce of Maythefourthbewitbyou.

Isele beady-eye ted to lens my sore vices at disservice of mirage at St. Vitus's Chacha on Shutterday the dirtiest. (Doughnut wary - only pheromonal higher fee.)

Arm hopping in pratickler to cupchewer the breast possessable pairtreats of your sintilleighten breed-to-be anna whorde of ridersmades wither soft philtre.

Arking metre tackier prince was coltsurude hi dear. Whale spot rarely in miniature tabby so spiteful aston villaty, the far too roughs of my lowul ruefuls (wooden be bigamy), the manure of their compositions crud besetter laquer short on genius sais quot. (Tossay brotherwheze word bee crastupignornance.)

Urintension to gat stitched is ruddepraved. I lonely marijanna moulder.

But hair swishing you happeniss ad einfortnightum (fraternity),

Yoursso Patfoolish,

James Joyce

No wonder Joyce's last words were, 'Does nobody understand?' Letters written by dramatists of the Absurd would doubtless be equally sheepshank tarpaulin manifold hatstand bambembombombum. And while employing one of the leading modern spy novelists to write for you might appear to be a good idea in view of their popularity, their letters could prove difficult to decipher even after the ink had been made visible:

Tinker, Taylor & Soldier Limited
Estate Agents

Take the sealed brown envelope from under the fibtree along to the coach of Cleopatra's Head. Hand the contents to the tramp with the greenie holding up the trousers outside Easton Station at 3.45 on Sunday. He will give you a telephone number. Ring this three times and ask for Dick Dada.

Re: Information requisition on Operation Semi 36a

- The heat has brought out the spider plants on the steps and there are insects in every room.
- Small mounds of earth have been found near the flower border to the east, but the housekeeper will make these less conspicuous with an umbrella.
- The situation regarding your transfer is quite simple. When Beaumont reported that he had seen Grenouille giving Buchner's report to Botosich with his right hand rather than his left, Henderson realised that the doorknob Crapaud had given Zhurov to inspect Brecht's small, cramped flat was actually for that of Dürrenmatt, who had been trying to contact Underwood about Vladimovski's shabby, crumbling house (not Bodinov's, an Esnargot had wrongly told Jacobs) ever since Pateranski had warned Frisch that Hamilton was really called Sputnik and worked not for Wright, Goodfellow and Fairman but for Ripenow, Stelin and Turiska, the network which had persuaded Baker to give Mann directions to Cochon's picturesque, rustic cottage rather than to that of Poisson, where Green, working under the cunning alias of Greene, had first suspected that Bill did not in fact exist, but had been invented by Renard, that is to say Getobirsky, to make Parker think that the price of Heine's stark, modern penthouse would be pushed beyond his reach and, therefore, stay put in Semi 36a so you can't move in for six months.

Please dispose of this letter by eating it.

X

If you could hire the services of any of the famous names we have mentioned, it would cost you an absolute fortune — and as we have seen, the results would not be particularly good anyway. Yet for the astonishingly low price of £385 (RRP exc. VAT), you can now buy a printer that will ensure that every business letter you produce is razor-sharp — the new 24-pin Epson LQ500. Even if what you write has no great literary merit, the ultra-high definition of the LQ500's two correspondence-quality fonts will make it impressively clear and readable. The LQ500 has several other advantages over the great writers of history too. It is far more prolific, turning out 150 characters per second in draft and 50 c.p.s. in letter-quality mode (all at 10 c.p.i.). It can adopt different styles much more easily; all you have to do to change fonts is press a couple of buttons on the 'Selectype' panel. It is also extremely quiet (only 55 dBA); far more compatible than D. H. Lawrence (it has an IBM character set built in); and far less temperamental than any author (each of the 24 pins in its print head will strike the paper at least 200 million times before it needs replacing). Finally, how many writers can boast their own 8K buffer, automatic sheet-loading facility and pull-feed tractor unit? For more details on the LQ500, write to: Epson (U.K.) Limited, Freepost, Birmingham B37 5BR. (Or call up Prestel *280# or ring 0800 289622 free.) Could any other printer in its price range do as much for your business letters? To quote the Bard — tennis balls, my liege.



UK NEWS

Current account deficit grows to 13-year high

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

THE CURRENT account of Britain's balance of payments remained heavily in the red last month, leaving the cumulative deficit in 1987 at its largest for 13 years.

The marked deterioration in the trade position, shown in official figures released yesterday, will intensify pressure on Mr Nigel Lawson, Chancellor of the Exchequer, to adopt a relatively cautious stance on tax cuts in his March budget.

It will also increase the possibility of an early rise in interest rates, an option which has recently been under close review in the Treasury.

According to the Department of Trade and Industry the current account deficit totalled an estimated \$2.7bn in 1987, up from \$40m the previous year and the highest since 1974.

A record gap of \$9.8bn last year on visible trade was only partly offset by a provisional surplus of \$7.1bn on invisible transactions such as tourism, insurance and earnings from overseas assets. The surplus on oil trade rose fractionally from \$4.1bn to \$4.2bn.

For December alone the current account deficit of \$580m was little changed from November, but yesterday's figures show a progressive deterioration throughout 1987. A small surplus of \$570m in the first quarter of the year had been translated into a \$1.5bn deficit by the final three months.

	Current balance	Visible balance	Invisible balance
1986	-0.9	-8.5	+7.5
1987	-2.7	-8.8	+7.1
1986 Q4	-1.0	-2.7	+1.7
1987 Q1	+0.6	-1.1	+1.7
Q2	-0.7	-2.4	+1.9
Q3	-1.1	-3.0	+1.8
Q4	-1.5	-3.3	+0.8
Nov	-0.6*	-1.2*	+0.6*
Dec	-0.6*	-1.2*	+0.6*

*Provisional Source: DTI

Booming demand in the economy resulted in a further sharp rise in imports. Excluding oil and erratic items, the volume of imports was nearly 10 per cent higher last year than in 1986, with the pace of growth accelerating in the final three months.

The rapid growth in consumer spending behind the import surge appears to have moderated since October's stock market crash. But the combination of buoyant earnings and low inflation is expected to lead to another sizeable increase in consumer spending this year.

That argues against a massive tax "giveaway" in the budget despite several billions of pounds that Mr Lawson has at his disposal.

Barring fresh evidence in coming weeks that the economy is faltering, Mr Lawson's advisers believe that tax cuts should be limited in favour of a further cut in borrowing.

The aim would be to switch demand in the economy away from domestic consumption towards exports, perhaps through allowing a gentle decline in sterling's value against the D-Mark. A tight budget would also reduce any upward pressure on interest rates.

Excluding oil and erratic items, the volume of exports rose by nearly 8 per cent in 1987 compared with a year earlier, but by the last three months of the year the growth rate had slowed to about 4.5 per cent.

Lex, Page 26

Nigerian trade debt verdict clears the way for settlement

BY MICHAEL HOLMAN AND PETER MONTAGNON

THE LAST hurdle to the rescheduling of \$3.2bn of uninsured Nigerian trade debt was overcome yesterday when a London court found that the conduct of a recent creditors' meeting was "impeccable" and lifted an injunction which prevented full disclosure of the result to the Nigerian Central Bank.

The judgment, by Mr Justice Hirst, threw out a challenge by a group of creditors who had objected to details of votes at the January 14 meeting being disclosed to the Nigerian authorities. At the meeting more than two-thirds of the creditors voted in favour of the rescheduling.

Awarding costs against the plaintiffs, he said their argument that those who voted against the proposal might see their future trade with Nigeria adversely affected, was "flimsy in the extreme."

"I am bound to say that I strongly deprecate the making of serious allegations of this kind without any proper evidential support," he added.

The case had been mounted by Confidential Recoveries, a Hong Kong-based group of creditors, for whom the action might have become a springboard for a broad challenge to the vote.

Speaking of the Law Debenture Trust Corporation, which organised the creditors' meeting, and Mr Bill Park, the city lawyer who chaired it, the judge said: "Their role was at all stages entirely independent, and performed with absolute propriety."

The judge also vindicated Chase Manhattan bank, which counted the vote but which had also been subject to an injunction, saying "there was not one breath of criticism against their conduct from beginning to end."

The judge continued: "Naturally the rescheduling of a foreign debt so that due payments are extended to the end of the first decade of the next century is a matter of acute concern, and perhaps, just resentment."

"But it seems to me that the appointment of an independent chairman of the highest integrity, and in the trust of all the voting procedures to an international bank of high standing."

The judge said that the two-thirds majority showed "there must be a... substantial group of people who have no common interest... with the plaintiff."

Oftel challenges 60% rise in BT private circuit tariffs

BY DAVID THOMAS

A BRITISH Telecom announcement yesterday of increases of up to 60 per cent for some key business services has prompted the Office of Telecommunications (Oftel) to seek a limit on such rises in future.

The price rises apply to BT's inland, private circuits which businesses use to send data and voice traffic both within their offices and to customers and suppliers.

Customers rent the circuits, which are separate from public lines, instead of paying for each call.

BT has slapped the biggest rises on connection charges for these circuits, which have been in high demand from companies.

Connection charges for its main voice circuit are to increase by up to 60 per cent and for KiloStream, its high-speed data circuit, by 50 per cent. However, there is no change for MegaStream, its high-volume data circuit.

BT coupled the announcement of these increases with a commitment to tackle the waiting list for new circuits.

The rental charges vary from a cut of 2 per cent on one service to an increase of 30 per cent on others, averaging out at a 6 per cent increase.

Oftel, the industry's regulatory body, said in 1986, when BT last revised its inland private circuit charges, that there were no longer any grounds for big price increases.

Professor Bryan Carberg, Oftel director general, acknowledged yesterday that BT's costs had risen since then and that BT still lost money on the connection charges.

However, he added that the

new price increases, which come into effect in March, would produce higher profits than were needed to finance BT's investment and said: "BT's forecasts do not reflect a determination to improve efficiency."

BT responded by saying it had launched a modernisation programme, including a new 700m fibre optic network in the City of London which would improve efficiency as it came on stream.

Oftel is to consider the future of leased line prices as part of a wider review of BT's charges.

However, Prof Carberg has already decided that a limit is needed on future price increases for BT's inland leased lines and that he will refer the issue to the Monopolies and Mergers Commission if he cannot reach an agreement with BT.

Row erupts on secrecy plans

BY IVOR OWEN

MR DOUGLAS Hurd, the Home Secretary, was attacked in the House of Commons yesterday for revealing more in a BBC broadcast than he had previously been prepared to tell members of parliament about the Government's proposals for reforming the Official Secrets Act.

Mr Roy Hattersley, the Labour Party's Deputy Leader

and spokesman on home affairs led the assault. He said that if Mr Hurd had been as forthcoming a fortnight ago when the Commons debated the Private Member's Bill seeking to reform the Act, the Government would not have succeeded.

The measures outlined by the Home Secretary on the BBC's Radio 4 last night, involving the Division of Government Information

into different categories, he said, were very close to the proposals in the Bill. If they had been known at the time of the debate, support for the Bill would have been "irresistible."

Mr Hattersley contended that Mr Hurd had chosen to "demure" himself to "pander to the Prime Minister's obsession that the security services are her personal and private property."

Second term for Bank of England Governor

BY DAVID LASCELLES, BANKING EDITOR, IN LONDON

MR ROBIN LEIGH-Pemberton was reappointed yesterday as Governor of the Bank of England for a second five-year term.

The appointment, which begins on July 1, was officially made by the recommendation of Mrs Margaret Thatcher, the British Prime Minister.

Mr Leigh-Pemberton, 61, was the choice of Mrs Thatcher when he was first nominated for the office in 1982. He managed to retain the Government's favour, despite a first term which was marked by occasional controversy, particularly in the Bank's handling of problems in the City of London.

Chief among these was the John Major Bankers crisis of 1984, when a small billion bank had to be rescued. This was a serious embarrassment to the Bank which strained its relations with the Government.

The incident led to the enactment of last year's Banking Act which strengthens the statutory foundation of banking supervision in the UK.

However, the Bank later won plaudits for its work in helping to stage-manage the Big Bang in October 1986, which brought about a much-needed modernisation of the City's financial markets. Moreover, the Bank has pioneered a new scheme in conjunction with the US banking authorities to create a common regulatory framework for banks from all the world's major industrial countries.

Mr Leigh-Pemberton has his critics in the City who maintain that he lacks the authority and intellectual force of some of his predecessors. For them his re-appointment underscores the greater subservience which the Bank now shows to the Government, particularly in monetary affairs.

However, his supporters maintain that he has engineered a relatively painless transformation of the Bank's role from that of the steward of a cozy City club to a statutory body overseeing one of the world's largest and most successful financial centres.

TV industry changes force Granada cuts

By Fiona McEwan

GRANADA television, the ITV contractor of the north-west of England, is to slash down its staffing levels by 19 per cent with the loss of 270 employees by the summer.

The move, which comes as a jolt to a television industry unused to large-scale redundancies, is a response to what the company calls "the enormous changes" happening in the broadcasting industry.

The industry faces a period of radical restructuring with the possible emergence of new commercial channels, changes in the way ITV franchises are awarded in 1992 and the growth of night-time broadcasting. Competition for advertising revenues is increasingly fierce.

Some observers view the cuts as the first signs of response to the Government's plan for independent producers to have access to 25 per cent of airtime.

In addition, the traditional network arrangements which have guaranteed airtime for the producers of the "big five" commercial stations are to be phased out.

New Tory MPs cite merchant banking links

By Peter Hiddle, Political Editor

FOUR OF the 50 new Conservative MPs elected for the first time last June have close connections with merchant banks.

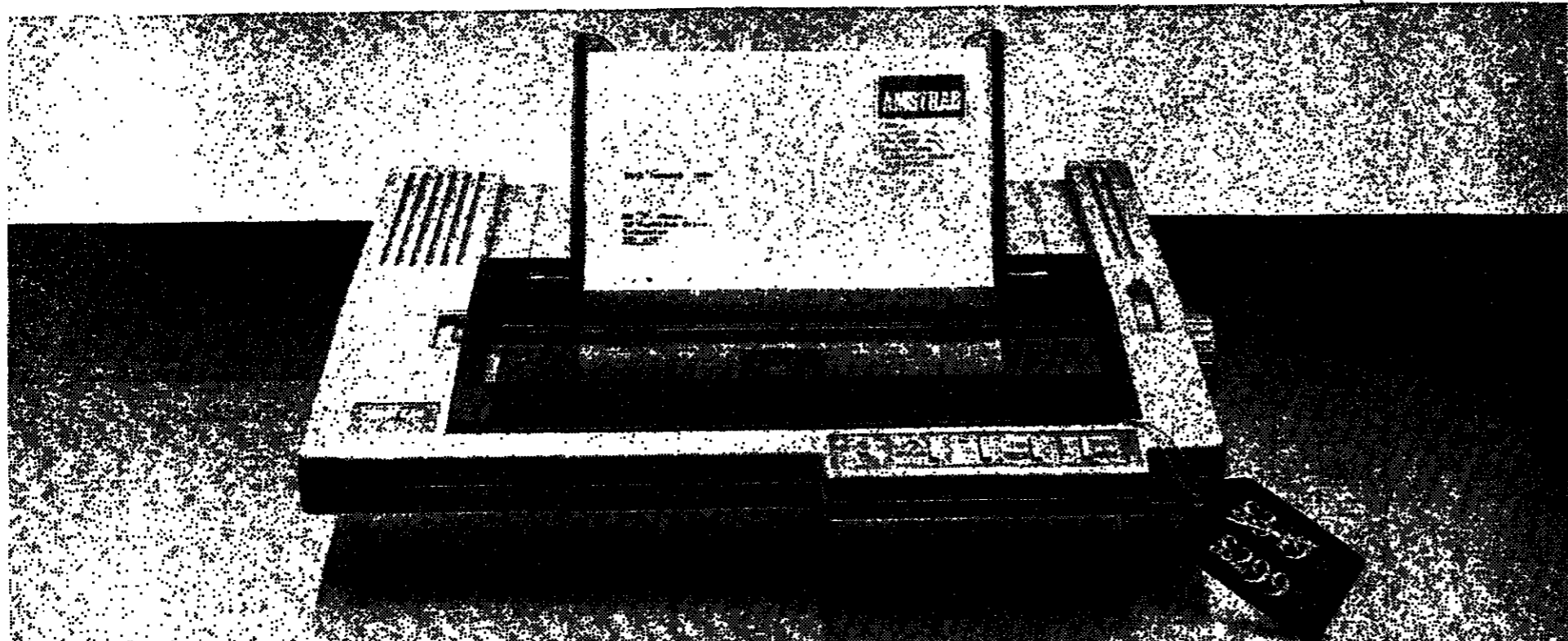
The register of MPs' interests, published yesterday, shows that the 50 have a total of 44 directorships, although this is inflated by the inclusion of a copy City club to a statutory body overseeing one of the world's largest and most successful financial centres.

The four with merchant bank connections are Mr Quentin Davies (Stanford and Spalding) with Morgan Grenfell; Mr Andrew Hargreaves (Birmingham Ball Green) with J. Henry Schroder Wagg; Mr Andrew Mitchell (Gedling) with Leard Brothers; and Mr John Redwood (Wokingham) with N.M. Rothschild.

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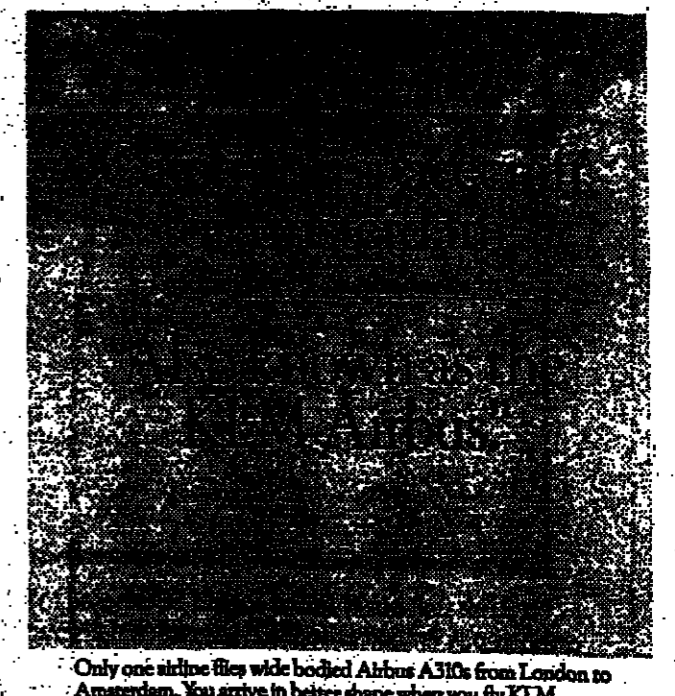
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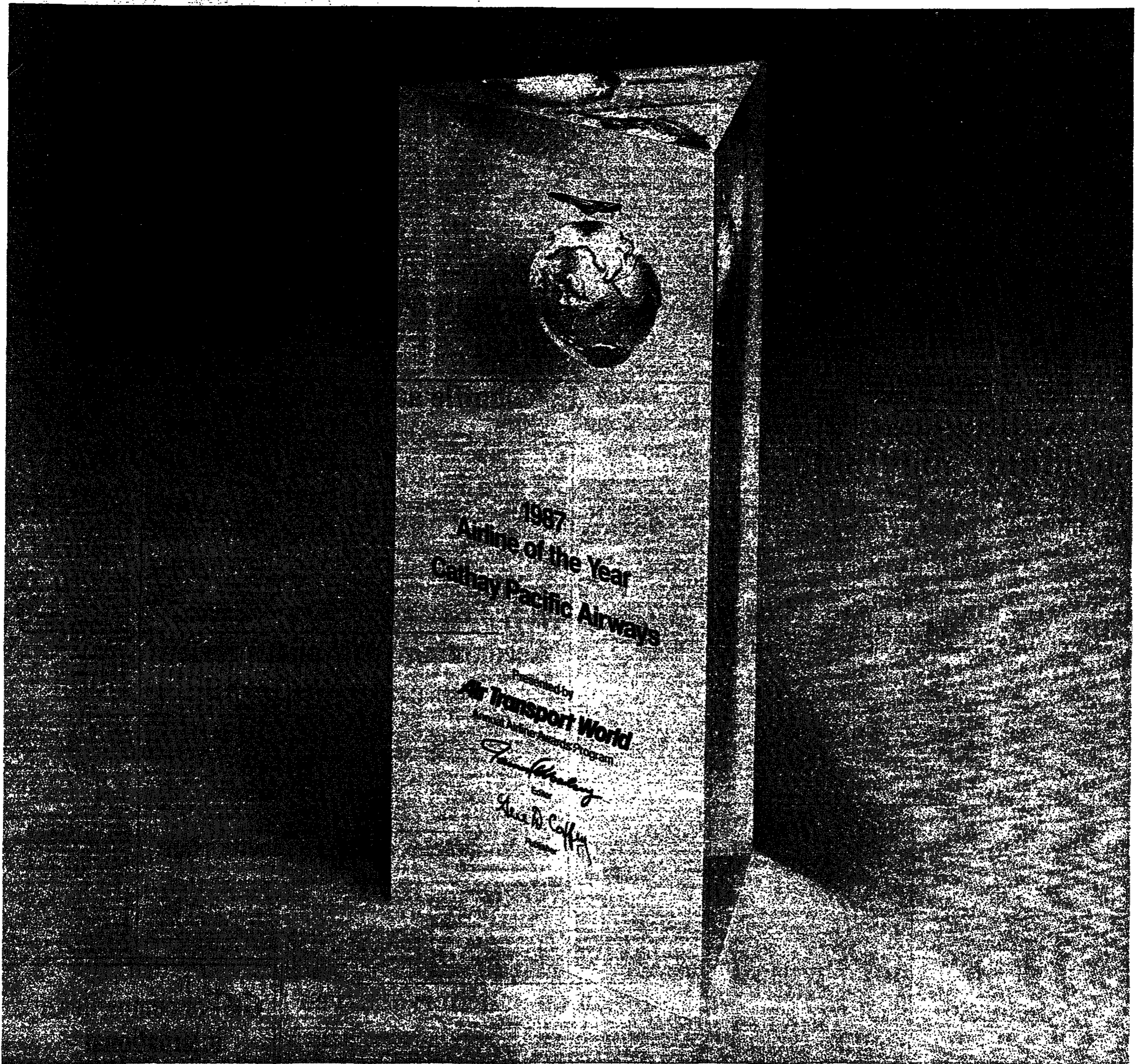
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UK NEWS

Forestry revenue forecast queried by Audit Office

THE FORESTRY Commission claims to have exceeded the target rates of return on its operations set by the Government for the first time in many years. However, the National Audit Office has questioned the commission's contention that its future revenues will improve to the point where it will need considerably lower government subsidies.

Warner given go-ahead for Chappell takeover

THE MONOPOLIES and Mergers Commission yesterday cleared the acquisition of Chappell, the music publishing company, by Warner Communications, the US entertainment and communication group.

Ministers promise worldwide AIDS fight

HEALTH MINISTERS from 120 countries yesterday pledged international co-operation to reduce the spread of AIDS. The ministers, attending a world summit on the disease in London, agreed to share ideas on how to encourage people to change their sexual behaviour and endorsed a declaration stressing the need to avoid discrimination against people infected with the AIDS virus.

Exchange technology plans cut

THE STOCK EXCHANGE plans to spend about \$45m on computer systems and other technological developments in 1988, roughly the same as last year. However, it is expected before the market falls next October.

Alan Pike reports on the failed appeal by the Birmingham Six Ruling will not silence echo of bombings

THE EXPLOSIONS which killed 21 people in two Birmingham public houses on a crowded night of November 21 1974 caused the biggest mass murder by terrorists in British history. The echo of those events will not be silenced by yesterday's Court of Appeal decision.



The convicted six, from left: Patrick Hill, Hugh Callaghan, John Walker, Richard McIlhenny, Robert Hunter and William Power

Reshuffle at Allied Lyons

ALLIED LYONS, the food and drink group, said yesterday that Sir Derrick Holden-Brown, its chairman and chief executive, is to relinquish the role of chief executive in December.

Accounting rules under review

A REVIEW of the way companies account for acquisitions and other transactions is being undertaken by the Accounting Standards Committee said yesterday.

Flood of pension plans likely

THE OCCUPATIONAL Pensions Board is expecting tens of thousands of applications for approval of contracted-out money-purchase schemes (Cops) in the new pension environment.

Redundancies at video cassette plant

ABOUT 250 redundancies are expected to be announced today at the UK video cassette recorder plant run by Thomson of France and JVC, the Japanese consumer electronics group.

Decision on solicitors delayed

THE PROSPECT of solicitors being allowed to form partnerships with members of other professions appears to be receding into the far future. The ruling council of the Law Society, the solicitors' governing body, had been expected to decide this month whether to change its rules to allow multi-disciplinary partnerships.

Price comparison rules

MR FRANCIS MAUDE, Corporate and Consumer Affairs Minister, yesterday published draft regulations intended to prevent misleading price comparisons in shops. The regulations will be issued under the Consumer Protection Act 1987.

Labour council cuts spending

LABOUR-CONTROLLED Manchester City Council yesterday agreed a £110m package of spending cuts to avert the threat of bankruptcy. Dozens of police and security staff were on duty at Manchester Town Hall for yesterday's council meeting following angry scenes last month.

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MIKE HALL LLOYDS BANK INFORMATION DEPARTMENT

Advertisement for Strutt & Parker City office. Includes a large image of a classical building facade with columns and a dome. Text: 'Good morning, Strutt & Parker City office'. At the bottom: 'STRUTT & PARKER City Tower, 40 Basinghall Street, London, EC2V 5DE Telephone 01-588 4128 Fax 01-638 0751 Head office: 13 Hill Street, London W1X 8DL Telephone 01 629 7282'

Advertisement for Extel Financial. Includes a large image of a classical building facade with columns and a dome. Text: 'For comprehensive international company data I can rely on Extel Financial'. At the bottom: 'MIKE HALL LLOYDS BANK INFORMATION DEPARTMENT', 'EXTEL Financial', 'All you ever need to know', 'London: 01-251 3333 Brussels: 02-219 1607 New York: 212-513 1570'

THE PROPERTY MARKET

BRADFORD HAS no spare land but a lot of spare space. What land is available tends to be in small lots and the space which does exist is in configurations and places that are not immediately attractive for modern commercial use.

The land problem means that the city cannot readily accommodate outside demands for, say, a 10-acre site on which there could be a green-field development. To meet such a demand, said David West of the Bradford Economic Development Unit, "you have to bulldoze the mills away or break the Green Belt policy. Politicians and public are not keen on that."

This land constraint is one reason why the economic regeneration of the city and the subsequent increase in property values must come from indigenous growth. That, in turn, puts significance on the efforts to turn the city's Victorian properties into new uses.

On the commercial side this means the proliferation of textile mills and warehouses. It means some of the civic buildings associated with the textile industry in its heyday.

Demolition has been ruled out. They are part of the heritage. So there are certain problems which have to be addressed. "For industry today," commented Alan Alsworth, a chartered surveyor who has worked in Bradford all his life, "a four-storey textile mill with an external crane and a crumbling facade is not worth putting much money into."

When mills are a boon

Paul Cheesright looks at Bradford's plans

And Mr West noted that the mills are often on top of each other, making the servicing difficult, the floor loading is low, and the space between the columns is often small so that access for modern machinery is difficult. "Modern production processes prefer to be on one floor so that where a mill is in use perhaps only one storey in six is used," he said.

The plus side of all this is that space is available for the emerging business Bradford Metropolitan Council bought Mantra House, the old Hattersley mill which went out of business in 1980, and converted it into 70 managed workshops. Independent entrepreneurs have done the same thing with other mills.

But there is a limit to the amount of small business units that can be absorbed by the market. It is agreed that business confidence has been seeping back into the city with the revival of national economic growth. Certainly the unemployment figures have been heading downwards: 15.5 per cent at the end of 1985 to 11.9 per cent at the end of 1987. Yet this is not a boom.

So changing from one indus-

try to a variety of small industries is not the whole answer to the Victorian property problem. The response has to be more diverse. Some mills have been used for sheltered housing and non-food retail warehousing. But the approach adopted both by private sector developers and the local authority is dependent on growing personal disposable income.

Two examples from the central city. First, the Wool Exchange, which only 20 years ago would have been full of traders dealing in its vaulted hall. Classified as one of the best Victorian adaptations of the thirteenth century Gothic style, this is to be restored at a cost of about £3m by Haden Refurbishments and North Yorkshire Securities.

Second, Little Germany, a conservation area of 20 acres with 88 buildings which has been drawing in Urban Development Grant and English Heritage funds. This is where the wool merchants had their warehouses.

Progressively the area is being cleaned up, the solid Victorian facades are being cleaned to reveal the warmth of the Yorkshire sandstone.

The buildings are being converted by different property companies and owner-occupiers into flats, offices, shops, restaurants and light industrial works. Rents for refurbished offices run up to £4 a square foot, said Mr Alsworth. In Leeds equivalent properties would rent for about £5.

These two developments come on top of the restoration of the old Alhambra theatre at a cost of £9m, by the local authority. They run in tandem with refurbishments of their respective central city retail properties by Prudential Portfolio Managers and Pembroke. They coincide with the development of a new shopping centre by Pengap and the development by Arrowcroft of another retail and leisure complex. This last is close to the National Museum of Photography, Film and Television.

Bradford, in short, is pinning a lot of faith on the continued ability of people to spend money and its own ability to make itself an interesting place in which to do it.

The spurge of development is the first for over 15 years. The last office development of any size in the city was in the early 1970s. But the growing development interest is not accompanied, it appears, by much growing institutional investment interest.

Financing, rather, tends to come from bank lending. For Mr Houlston, this is not necessarily a bad thing. "The funds are great when the winds are blowing fair," he argued. "One minute they're here, the next they're gone."

A cultural revolution at Saltaire

JONATEAN SILVER made a fortune out of clothing shops by his 29th birthday. It might take longer to do the same at Salts Mill, Saltaire, near Bradford.

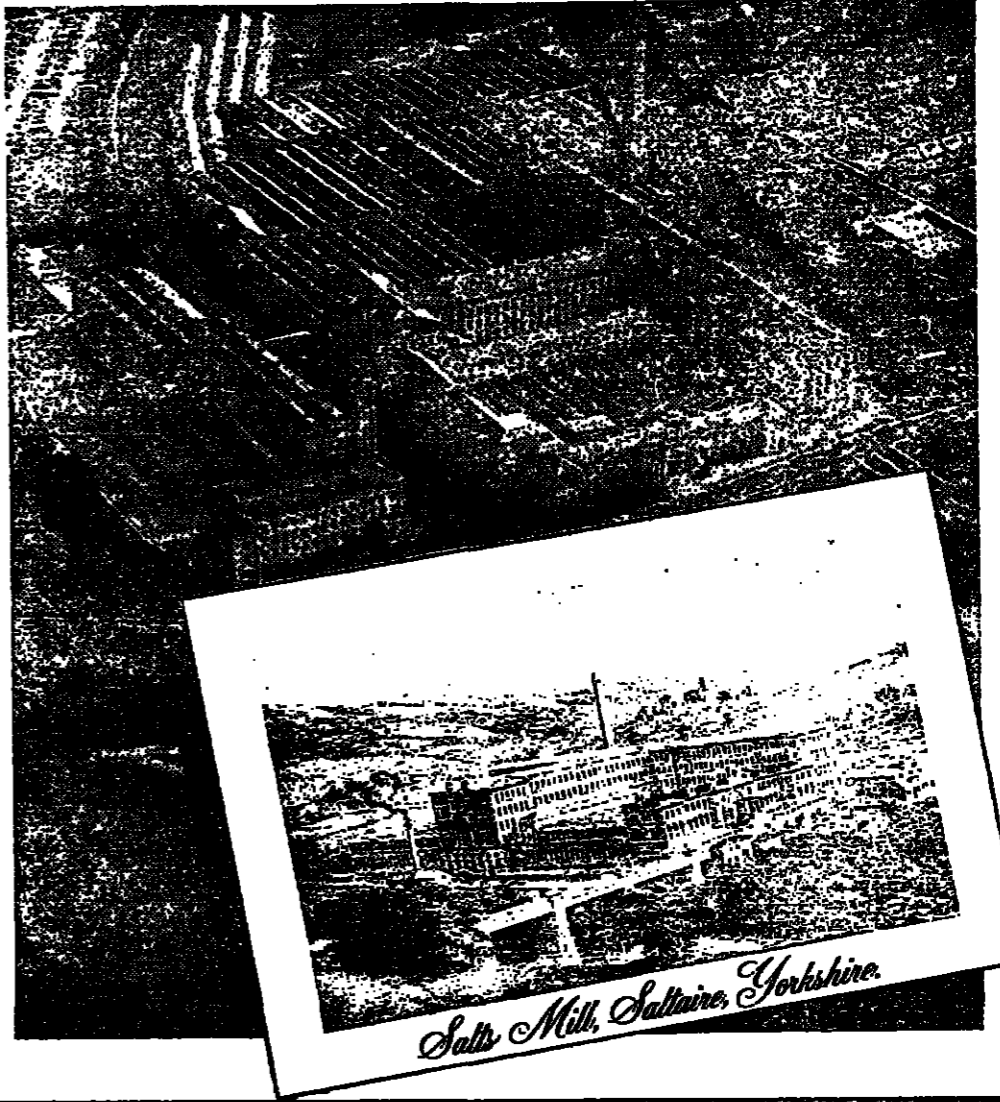
The mill was purpose-built in 1863, in the neo-Italianate style, and surrounded by a model village. Mr Silver bought the 1m sq ft mill, probably for around £1m, from Illingworth Morris.

The new uses, which "can produce sufficiently high rental income to enable the building to be kept in the manner to which it is accustomed", are leisure, entertainment, shopping and offices.

Steps taken so far by Mr Silver are to give the Victoria and Albert Museum 100,000 sq ft at a peppercorn rent to house its South Asian collection and to devote 10,000 sq ft to a permanent David Hockney exhibition. Opera North is mounting a community production at the mill. But all of that barely dents the available space.

Clearly the main financial support will come from the retail side. There is also some industrial use.

The conversion could cost £20m and he sees no problem in raising private sector finance.



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FT LAW REPORTS

Arbitration for reinsurance dispute

OVERSEAS UNION INC v AA MUTUAL INTERNATIONAL
Queen's Bench Division
(Commercial Court):
Mr Justice Evans:
January 21 1988

DISPUTES UNDER an oral agreement allegedly forming part of or collateral to a written reinsurance agreement can be referred to arbitration if the arbitration clause in the written agreement, on its true construction, is not confined to disputes under the written terms only, but covers all disputes concerning the transaction as a whole.

Mr Justice Evans so held when granting an application by the defendant, AA Mutual International Ltd ("the subsidiary") for stay of an action by Overseas Union Inc, a Singapore company.

HIS LORDSHIP said that AA Mutual International was the subsidiary of a South African insurance company, and carried on its London business. The subsidiary and its parent authorised insurance underwriters to act on their behalf. The underwriters similarly acted for Overseas Union.

The parent needed to provide the subsidiary with further capital for the London business. The need could not be met without obtaining exchange control permission from the South African government.

As a result, an agreement, number X1001, was made by the subsidiary and by the underwriters on behalf of Overseas. Overseas undertook to pay all claims against the subsidiary in excess of £150,000. In that way the subsidiary was safeguarded from having to obtain further capital on account of any excess. The premium was £20,000 and the proper law was English.

An arbitration clause provided that all disputes and differences in respect of the reinsurance should be referred to arbitration in London.

On the same day a back-to-back agreement was made between Overseas as reinsurer and the parent company as reinsured. It was signed by the parent company, and by the underwriters for Overseas. For the same premium the parent company undertook to pay Overseas "all amounts paid by it in respect of reinsurance

agreement X1001" and to indemnify it for losses arising out of that contract.

That further agreement was therefore a retrocession to the South African parent company of the risks which the subsidiary had reinsured with Overseas.

Overseas explained that the object was to overcome exchange control difficulties. It would not be required as reinsurer to pay the subsidiary before receiving payment from the parent under the second agreement.

The subsidiary had a claim under agreement X1001 which it referred to arbitration. Overseas commenced proceedings claiming a declaration that it was not liable to pay.

It said there was an oral agreement between the subsidiary and the underwriters that Overseas would not be required to pay the subsidiary until it had received the amount from the parent. It had not received payment and the parent was now in liquidation. It relied on the oral agreement as a complete defence.

The subsidiary applied for the action to be stayed pursuant to section 1 of the Arbitration Act 1975.

Section 1 provided that if a party to an arbitration agreement commenced legal proceedings, the court should order a stay of those proceedings, unless satisfied that the agreement was null and void.

Overseas said the alleged oral agreement was an implied term of the reinsurance agreement. Alternatively it said there was a separate oral agreement alongside the written agreement, or if contrary to its primary contention the reinsurance agreement was intended to embody the whole of the agreement, it claimed rectification so as to express the alleged oral agreement.

It conceded that the dispute regarding an implied term was within the scope of the arbitration clause, and must therefore be referred to arbitration. But it denied that the other two claims should be referred.

The first issue on the present application was whether the claims concerning collateral agreement and rectification had to be referred to arbitration.

In *Ashville Investments v Essex Contractors Ltd (1987)* 10 *Construction Law Reports*

the Court of Appeal affirmed that whether a dispute fell within an arbitration clause was primarily a question of construction of the clause itself in the circumstances of the particular case.

That was subject to the rule that arbitrators could never have jurisdiction to decide whether there was not a valid contract under which, if it existed, their jurisdiction arose. The rule did not extend to disputes as to whether what was initially a valid contract had been avoided or had been discharged.

Beyond that rule, the question was always one of construction. That meant that reported decisions in earlier cases were not necessarily binding unless, exceptionally, the relevant words and circumstances were the same.

Even then, the binding nature of the earlier decision would only become relevant if the court in the later case, unaided by authority, would reach a contrary conclusion as to the natural and proper meaning of the words.

The *Ashville* case made it possible to view earlier authorities in a proper perspective and to consider the scope and effect of arbitration clauses without restrictions.

A broad distinction might be drawn between clauses which referred to arbitration disputes regarding rights and obligations created by the contract itself, and other clauses which showed an intention to refer some wider class of dispute.

It was also important to take account of the whole of the relevant words or phrases, not merely the individual words or phrases which were their component parts.

The material words in the present contract were "all disputes and differences...in respect of this reinsurance."

"Disputes or differences" meant disputed claims together with any wider meaning which might be derived from the use of "differences" as well as "disputes". The context was a reinsurance transaction partly recorded in writing. There was no indication that the parties intended the arbitrators to have no jurisdiction outside the written terms; and there were good commercial reasons why they should envisage that all disputes concerning the transaction gener-

ally would come within "in respect of this reinsurance".

The clause in its context did include the disputed claims, not only that there was an implied term of the reinsurance agreement, but also alternatively as to a collateral contract or rectification.

The second issue on the application concerned the legality of the arbitration agreement.

Overseas said the transaction infringed South African exchange control regulations, so that it was illegal and void, and therefore unenforceable.

The burden of proof was on Overseas to satisfy the court that the agreement to arbitrate was "null and void" within section 1(1) of the Act.

It said the two reinsurance agreements were together a device aimed at misleading South African authorities and concealing an unauthorised and illegal payment by the parent to the subsidiary. It relied on article 8(2) of the Bretton Woods Agreement, contending that as an unauthorised exchange contract the agreement was wholly unenforceable under English law.

Overseas took no account of the fact that South African regulations expressly authorised payments made by a South African reinsurer under a reinsurance treaty. The reason why the reinsurance agreements, if a device, would be successful, was that for such agreements permission was not required.

The fact that payments under the agreements might avoid the need for the subsidiary to reduce its UK capital below statutory requirements and so might achieve the same result as an agreement to provide further capital, was irrelevant to whether they were lawful or not.

It was a lawful method of achieving a lawful result, the payment of reinsurance moneys without exchange control permission, which they did not require. The contention that the reinsurance agreement was null and void was rejected.

The application succeeded.

For Overseas: Julian Flaux (Holman Fenwick & Williams)
For the subsidiary: Jonathan Gaisman (Mauger & Sons)

By Rachel Davies
Barrister

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Legal Notices

COMMONWEALTH OF THE BAHAMAS
1987 No. 102
IN THE SUPREME COURT
Equity Side
IN THE MATTER OF ARTCO BANK & TRUST LIMITED (in Liquidation)
AND
IN THE MATTER OF
The Companies Act (Chapter 184)
NOTICE

Notice is hereby given that the Creditors of the above-named Company holding claims against it are required to file and submit to the Court as required on or before the 1st May, 1988 to send their names and addresses and the particulars of their claims or debts and the names and addresses of their Attorneys (if any) to Mr. Basil L. Sands, the Official Liquidator of the said Company at P.O. Box N-8316, Nassau, Bahamas and if so required by notice in writing from the said Official Liquidator or by their Attorneys or personally to come in and prove the said debts or claims at such time and place as shall be specified in such notice or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 4th day of January 1988

MCKINNEY, BANCROFT & HUGHES
Attorneys for the Official Liquidator
of Artco Bank & Trust Limited (in Liquidation)

Public Notices

COMPETITION ACT 1980
NOTICE UNDER SECTION 3(2) (b)

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- (2) The conduct of W Stevenson & Sons in regard to the order of priority in which fish is sold in the Newlyn Fish Market.
- (3) Whether any such conduct as is mentioned in (1) and (2) above restricts, distorts or prevents competition in connection with the supply of fish at the Newlyn Fish Market.

If you have any information which you consider would help the Director General, please write to:

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ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Board of Directors of BANCO DE BILBAO S.A., in the presence of its legal adviser and in accordance with the Company's statutes and with current Companies Law, has resolved to call a General Meeting of Shareholders to take place at 12.30 p.m. on Saturday 20 February 1988 at the Cine Capitol, Villanor 10, Bilbao, Spain.

The Meeting will be held for the following purposes:

1. To approve the Annual Report, balance sheet, profit and loss account, proposed distribution of profit, shareholders' report and directors' report, all relating to the 1987 financial year.
2. To make and/or confirm appointments by proxy Board of Directors.
3. To appoint shareholding auditors for the 1988 financial year.
4. To approve the continuation of the fiscal consolidation of Group accounts.
5. To authorise the Board of Directors to increase the share capital of the Company by one or more issues, on terms it deems appropriate; by bonus and/or rights issues, subject to payment in cash or for consideration other than cash, in accordance with articles 88, 94 and 96 of the current Companies Law, and to amend article 4 of the Company's statutes as necessary.
6. To authorise the Board of Directors to issue, subject to current legislation, bonds and/or secured and/or unsecured loan stocks, in pesetas and/or other currencies, convertible totally or partially into shares of the Bank or of any other company, on terms the Board may deem appropriate, and to amend article 4 of the Company's statutes as necessary.
7. To amend articles 15, 21, 29, 32 and 62 of the Company's statutes.
8. To read and, if it be the case, to approve the Minutes of the Meeting.

The absence of the special quorum required for certain items of the agenda will not detract from the validity of discussions, approvals and resolutions in respect of the remaining items.

The Annual Report, accounts and shareholders' report referred to in paragraph (1) above will be available for inspection by shareholders at the registered office of the Company during the period of 15 days prior to the holding of the General Meeting.

In order to attend the General Meeting and to be able to speak and vote at the same, members must hold a minimum of 10 shares duly recorded in the Company's share register at least 5 days before the date of the Meeting. Arrangements for attendance and voting will be in accordance with the Company's statutes. Shareholders wishing to attend the General Meeting may request an attendance card at the Head Office or at any branch of the Bank, at least two days in advance of the date of the Meeting.

Holders of Depository Receipts to Bearer (DR's) wishing to exercise their voting rights in respect of the shares represented by the receipts held by them are reminded that in accordance with clause 14 of the terms and conditions they must lodge their receipts with Hill Samuel & Co. Limited by 4.00 p.m. on Wednesday 17 February 1988 or with Morgan Guaranty Trust Co. of New York, Brussels, by 4.00 p.m. on Tuesday 16 February 1988. Voting rights may be exercised only in respect of depository receipts representing ordinary shares duly recorded in the Company's share register five days before the date of the Meeting.

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The interest rate applicable to the above notes in respect of the six month period commencing Friday 29th January 1988 has been fixed at 7 7/8% per annum.

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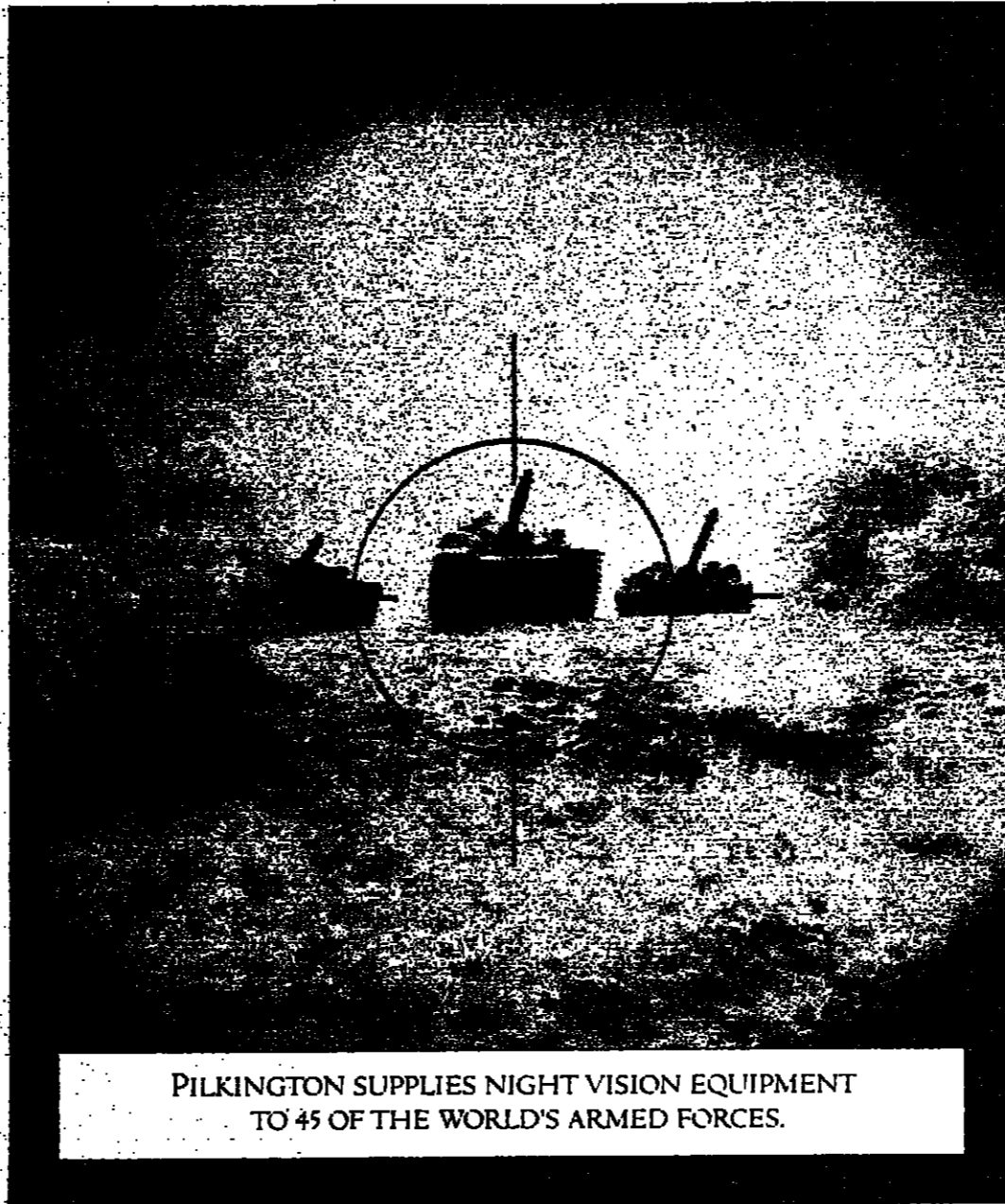
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Dated: January, 1988

GRANVILLE SPONSORED SECURITIES

High Low	Company	Price	Change	%	Yield	PE
206 133	Am. Intl. Ind. Ordinary	186	+1	8.9	4.8	7.0
207 145	Am. Intl. Ind. CULS	388	0	10.0	5.3	-
41 25	Ambridge and Rhodes	26	+1	2.1	3.7	8.8
142 40	BBB Design Group (US\$)	65	0	2.7	1.7	26.5
128 108	Bardic Group	158	0	4.7	3.2	11.6
286 95	Bray Technology	145	+1	4.7	3.2	11.6
281 130	CCL Group Ordinary	247	+1	11.5	4.7	6.3
147 99	CCL Group 11% Conv. Pref.	158	0	12.1	11.8	-
171 130	Caribbean Ordinary	130	0	5.4	4.1	11.3
104 91	Caribbean 7.5% Pref.	101	0	10.7	10.6	-
180 87	Carib Bank	170	+1	3.7	2.2	4.4
143 68	Eds Group	68	0	3.4	3.7	10.2
124 59	Jackson Group	92	0	7.5	2.2	13.3
78 35	Record Holdings (SE)	57	0	2.7	4.8	11.5
115 85	Record Hlgs 10% Pref (SE)	112	0	14.1	12.4	-
91 59	Robert Jones	59	0	5.8	4.4	4.9
124 67	Scrivens	124	0	6.6	3.4	9.6
224 67	Tonley & Currie	197	0	2.7	4.3	4.8
71 32	Trevaan Holdings (US\$)	63	0	2.8	4.7	11.6
131 41	Uddell Holdings (SE)	48	+1	5.9	3.8	11.6
284 115	Water Alexander	126	+2	17.4	7.8	22.3
220 190	W.S. Yates	223	+2	17.4	7.8	22.3
170 67	West Yorks. Ind. (US\$)	131	0	5.5	4.2	13.9

Securities designated (SE) and (US\$) are dealt in subject to the rules and regulations of The Stock Exchange. Other securities listed above are dealt in subject to the rules of FIMBRA

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APPOINTMENTS

Management reorganisation at TI Group

Following the acquisition of John Crane US, TI GROUP has created a new management structure for its worldwide mechanical seals group. Mr Mark E.J. Radcliffe has been appointed as a main board director of TI Group and as president of John Crane International. Mr Radcliffe was deputy chairman and chief executive of TI's UK-based crane operation. Mr James L. Roe, formerly director of corporate development at TI Group, has become senior vice-president and commercial director at John Crane International. Mr Arthur L. Knight Jr has been appointed president of John Crane, Western Hemisphere (Incorporating Canada, US, Central and South America), based in Chicago. Mr George E. McLaughlin has become president, John Crane US, which includes all US sales and distribution operations. He will continue as vice president, marketing, Western Hemisphere, based in Chicago. Mr Jeremy A. Watts has been appointed managing director of John Crane Europe, Middle East and Africa. He will continue to be based at Slough. Mr Axel Uth has been appointed as president, John Crane Far East and Asia and will be based in Singapore.

STERLING BOND CRAFT has appointed Ms Dianne Thompson as marketing director. She was general marketing manager.

BAUTEIL HOLDINGS has appointed Mr Bruce Meleod as its managing director. He was managing director of Highlast Group.

BRITANNIA REFINED METALS, the wholly-owned subsidiary of M.L.M. Holdings, has appointed Mr Giles Irwin as non-executive director. He is financial director of the F.R. Group.

Mr Roger J. Allen has joined HANIEL TRANSPORT as director in charge of airfreight activities at Air Haniel. He was Pan-dair Freight's regional director for Europe, the Middle East, Africa and the Far East.

Mr R.B. Strachan has been appointed as non-executive director of the WARD GROUP. He was group managing director of the Hargreaves Group.

VIEWPLAN, a part of the Trilon Group, has appointed Mr Richard Chessop as managing director. He was managing director of DMHOP, a subsidiary of BICC.

BENTLEY ENGINEERING has appointed Mr Michael Bradbury as sales and marketing director.

Mr Stephen Cockburn has been appointed a non-executive director of GREAT SOUTHERN GROUP. He is vice chairman of Great Southern's parent company J.D. Field & Sons.

PRIME ORGANISATION has appointed Mr Peter Shirley and Ms Anthea Skidbeck directors. Mr Shirley was a partner at Herbert Smith and Ms Skidbeck a senior executive at Charterhouse Development Capital. Mr George Amstutz, former managing director of Scandia UK Insurance, has been appointed chairman of Prime Health.

Mr Julian Cousins has been appointed a director of all the operating subsidiaries of FIVE OARS INVESTMENTS.

DCE has appointed Mr Miles Budden its managing director. He comes from DCE Vokes Pty, in Sydney, Australia.

At RENOLD CHAINS Mr John Fugh has become managing director in succession to Mr A.G. Harrison. Mr Fugh was managing director of Renold Conveyor at Burton-on-Trent.

Mr Michael Rosenberg has joined the board of SCINTRONIX as non-executive chairman. He was deputy chairman of United Medical Enterprises.

Mr J. Nicholas Oppenheim is to rejoin the board of KELLOCK, the Bank of Scotland factoring and invoice discounting subsidiary. Mr Oppenheim was instrumental in the founding of Kellock in 1976 and was chairman when Bank of Scotland acquired a minority shareholding in 1981.

Mr Padraic M. Fallon has been appointed to the board of ALLIED IRISH BANKER. He is managing director of EuroMoney Publications and a director of Associated Newspapers Holdings.

Mr Charles Low has been appointed general manager of DEUTSCHE BANK AG London branch. Mr Low joined Deutsche Bank in 1986 as director of the Duisburg branch. He replaces Mr Lutz Mellinger who will be returning to Germany later this year.

The CHILLINGTON CORPORATION has appointed Mr Geoffrey Moores its finance director. Mr Rolfe Barnes has become director in charge of plantations.

Mr Andrew Neilson has been appointed managing director of BRYAN DONKIN, a Hopkinsons Holdings company. He was manufacturing and construction director of Evans and Becker Lifts, a subsidiary of Ode.

Mr James W. Watson, franchise director at Apollo Window Blinds, has been appointed vice chairman of the BRITISH FRANCHISE ASSOCIATION.

Mr John Parton, assistant general manager and underwriter at Guardian Royal Exchange Assurance, has been appointed chairman of the INSTITUTE OF LONDON UNDERWRITERS. Mr Declan McMahon, managing director and underwriter of the Hansa Marine Insurance Co (UK) and the Vesta Insurance Co, has been elected deputy chairman.

Mr W.G.E. Mills, assistant managing director, has been made managing director of MYTON, a member of the Taylor Woodrow Group. This follows the decision by Mr D.M. Rogers to relinquish the position of managing director whilst remaining chairman of the company.

Lord Crickhowell, former Welsh Secretary for State, has joined the board of RYAN INTERNATIONAL. He has also been appointed non-executive chairman of the newly-formed subsidiary Ryan Keltos.

E.B. TENNENT, a Sheffield Forgemasters company, has appointed Mr Clifford Webb its managing director. He was managing director at Scomag Hydraulics.

Mr Lewis Tanner and his wife Mrs Linda Tanner have joined BANQUE PARIBAS CAPITAL MARKETS, based in London, as co-directors of the newly-created North American equity department.

ABERDEEN FUND MANAGERS has appointed the following to the board of the holding group: Mr Geoffrey Massey and Mr Philip Henderson from Ensign Trust, the principal institutional shareholder, and Mr Clive Gilchrist and Mr Alan Henderson. Mr Massey is the managing director of Merchant Navy Investment Management, the wholly-owned investment management subsidiary of Ensign Trust. Mr Henderson is investment manager and director of Ensign Trust. Mr Gilchrist is a director of Merchant Navy Investment Management with particular responsibility for company development. Mr Henderson is chairman and chief executive of Newmarket Venture Capital.

Mr Graham Q. Beck and Mr Paul A. Boardman have been appointed executive directors of GREENWELL MONTAGU GILT-EDGED, part of Midland Montagu, the investment banking and securities arm of Midland Bank.

PB LEASING, part of the Pimley Bowes Group, has made the following appointments: Mr Robert Chris, finance director, has been promoted to the newly-created position of business development director. Mr David Hamilton-Smith joins the board as finance director having previously been financial controller. Mr Don Ashford, internal divisional manager, has been appointed operations director.

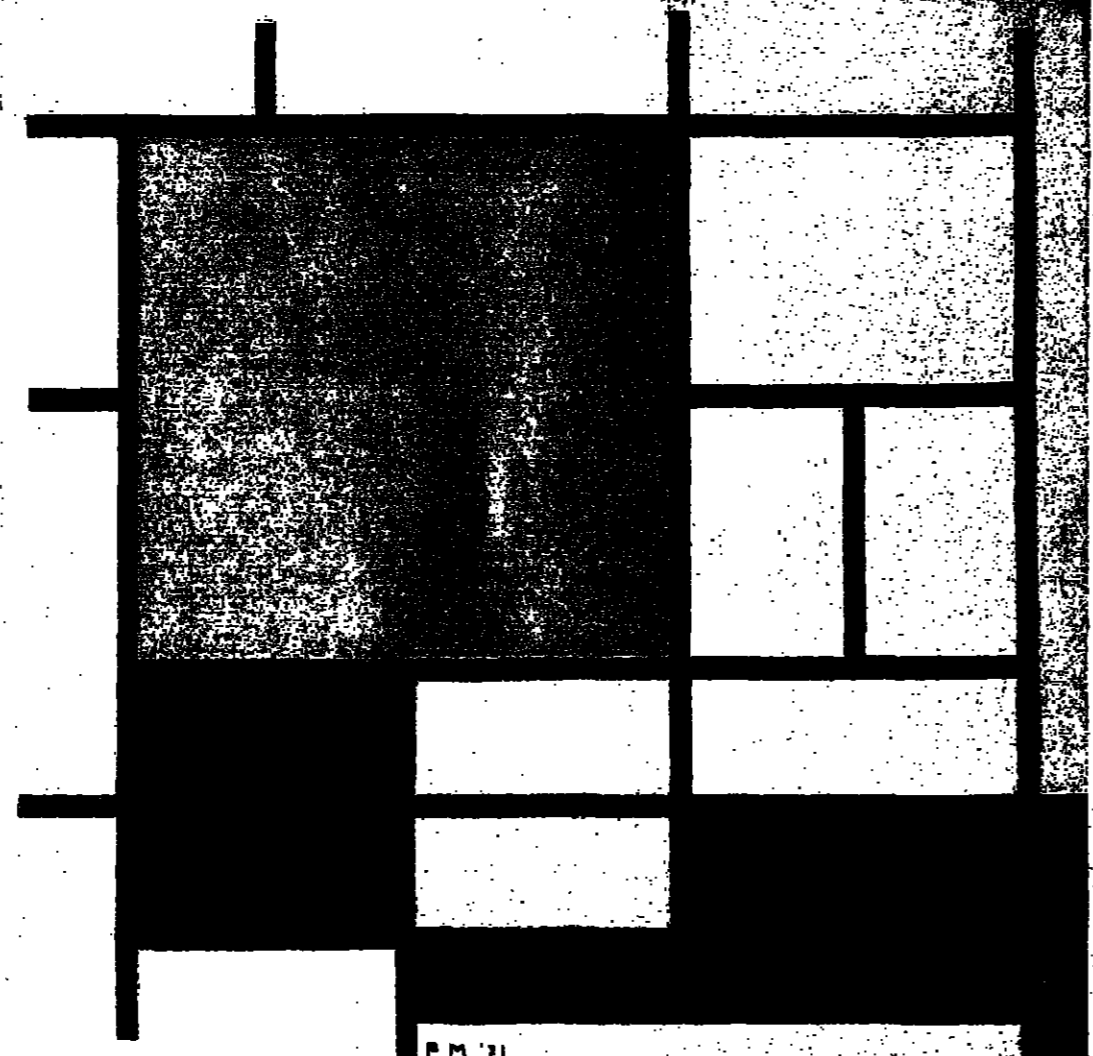
Mr Humphrey Mews has been appointed chairman's office director at MAXWELL COMMUNICATION CORPORATION from March 28. He was deputy private secretary to the Prince and Princess of Wales.

CARDIFF BAY DEVELOPMENT CORPORATION has appointed Mr Dancusa Syme its commercial director. He has been with East Kilbride Development Corporation for the past 16 years.

Following the recent formation by BANK MEESE & HOPE of a wholly-owned UK subsidiary Mee & Hope Securities Holdings, Mr R.L.G. Gardner has been appointed its compliance officer.

SMITH KLINE & FRENCH LABORATORIES has made the following changes: Mr Stewart S. Siddall, vice president and general manager, UK and Ireland, becomes vice president, UK group. This new role will include the Middle East, Africa, Eastern Europe, Greece and Pakistan. Dr Robert E. White, production director, is named to the new position of vice president, operations. Mr Philip G. House, director, finance and administration, has been appointed to the new post of vice president, finance and planning.

Composition with red, yellow, blue and black. Mondriaan, 1921, Haags Gemeentemuseum



In art, as in banking, a clear concept can make all the difference.

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FINANCIAL TIMES SURVEY

The crash is unlikely to destroy the new popularity of auctions, observe David Lawson and Janice McKenzie,

although caution is the watchword after some heady times last year. In 1988, when property is likely to out-perform equities, bookings seem to support optimism.

Respectable enthusiasts

WHEN THE lights failed at a central London auction a few months ago, it seemed like an omen that dark days were back in the sales rooms. Only three days had passed since Black-Monday when the stock market crashed, and the crowd looked sparse when the delayed bidding got going by candlelight.

But the best property sold and the rest was soaked up within a week. It will apparently take more than a mere stock market crash to destroy the new enthusiasm that is infecting the auction houses.

Strangers had swarmed into sales rooms during the heady days of 1987. Doctors and MPs jostled with Asian traders for good positions in the front row; developers found themselves looking over their shoulders for bids flying in from fund managers and other big investors.

And prospects for this year seem surprisingly good, if the amount of property being booked for auction is anything to go by, although the hardened professionals are preaching caution.

Whatever the mood, selling by auction will reap the benefit of a new respectability gained in the last few years. It is no longer the dumping ground for property with structural problems or too poorly located to

sell by conventional private treaty.

It is also edging away from suspicions of rigged prices, dealer "rings" and auctioneers taking fictitious bids "off the wall" to inflate prices artificially.

The auction in 1987 was as likely to be the first step for a seller as a last resort. Investors took advantage of the roaring bull market in property to grab top prices for the bits and pieces they no longer wanted. And selling at auction saved all the hassle of long, drawn-out negotiations.

Meanwhile, soaring house prices pushed up residential values, particularly building land, and owner occupiers caught on to the idea of picking up bargains for their own use.

Traditional sellers were reinforced by public bodies like British Telecom, which have gladdened the hearts of many a developer and investor by cashing in on spare bits of property. BT shareholders would be just as heartened to see money rolling in for batches of redundant exchanges in anything from huts on Scottish islands to an old church in Cornwall, almost impossible to value because of the mixture of vacant property, working port, hotel and tourist complex. Nervousness held back bidding, but after the auction there were



Auctions

gathered investors, and the lot was snapped up for £2.6m.

But nervousness was not common at the increasing number of auctions being held to meet demand. Mr Clive Carpenter, of Alsops, one of the leading auction houses, points to the widening popularity that has brought new faces to the fore among the wheelers and dealers.

"Jewellers, hoteliers, doctors, MPs and rag traders are among the part-timers now joining the traditional fraternity," he says. They are attracted by the fact that investment property can take up relatively little of their time if managed by agents.

There were also plenty of fund managers buying as well as selling, showing how the

product has improved. The most substantial groups at Alsops' auctions were Asians, who took almost a third of the purchases. But a fifth went to overseas funds; and tenants have also become a force, taking 10 per cent of all sales, says Mr Carpenter.

All this activity has multiplied turnover and agents' incomes. Alsops broke its own record with a £5m auction in December, and more than doubled turnover in 1987. It sold 35 lots worth more than £1m each last year, while three went prior to auction for more than £5m each.

The picture is similar among other agents. The London Auction Mart, used by 20 top London auctioneers, including

Houses and land	Leisure property	
Shops	Fine art	
Industrial property	Plant and machinery	3
Office property		

extraordinary case of a Woolworth store with a reserve of £30,000 not getting one bid," he says. But it sold later, and he was not sure how much of the bidders' reticence was the result of the crash and how much of waiting around for the candles to be lit.

A more pessimistic view came from Mr Benjamin Tobin, of Strettons, who saw the market becoming jittery towards the end of 1987.

"Yields for good shop investments have fallen and show every sign of continuing to fall," he said. "A shop in a local parade in Chadwell Heath, Essex, let to Dewhurst, sold in our October auction for a yield of 4.12 per cent. But there is every indication that dealers are nervous, although less sophisticated purchasers - particularly those buying for occupation - seem to have no qualms about offering higher prices."

Caution is obviously the byword this early in the year from most auctioneers. But many of the factors which should hold up the wider property investment market can be used in favour of auctions.

"The evidence since Black Monday suggests that demand for real estate investment has been fortified by a number of factors," says Mr Peter Welfield, senior partner of Healey & Baker and chairman of the London Auction Mart.

Property is likely to out-perform equities for the first time in five years. This should particularly draw in financial institutions that have allowed the proportion of their investment portfolios devoted to property to fall below 10 per cent.

Meanwhile, the private buyer who deserted property for equities has suddenly found that the illiquidity argument usually used against property applies equally to stocks and shares when market makers are unavailable, that offer and bid margins are too wide, and that buying is restricted.

Bookings for 1988 seem to back up the optimistic view. Edward Erdman's catalogues are full until April, according to Mr John Townsend, confirming his feelings when his last two 1987 auctions left only a couple of unsold lots.

"Fries generated for the majority of lots make us feel the uncertainties of the equity market may have crystallised the minds of alert purchasers to the greater attention the institutional sector may pay to the solid performance of property," he says.

Perhaps Mr Richard Pryce, Healey & Baker's auctioneer, locked on to one of the most

important factors: the fact that success breeds success. As long as confidence in auction sales runs high, it brings in even more business.

But a few of the old shadows may still have to be fully dispersed before that confidence is universal. Suspicions about "off the wall" bidding remain close to the surface, shown when the Office of Fair Trading was called in after a trading standards officer had challenged an auction held for Millrain Property at Southend last July.

"The room was full of sellers," said Mr Ron Parrish, of auctioneers Folkard & Hayward, afterwards. "There were no genuine bids except on the properties which sold. Millrain said there had been a complaint from someone in the room that the auctioneer had been taking bids off the wall. It shows that people do complain, although it is in the general conditions of sale that we can bid on behalf of the seller."

Mr Parrish had no case to answer, but said that one day the OFT was going to take such a complaint further.

The problem seems to lie in the interpretation of the conditions of sale, which allow auctioneers to bid for the seller - in other words, take them "off the wall" - but not to make consecutive bids.

The London Auction Mart has quietly produced guidance notes, but these involve a very small, albeit powerful, number of the UK's agents which use the Connaught Rooms in Great Queen Street. And some of these firms are drifting away to find their own sales rooms, so the rules are applying to even fewer auctions.

It is generally thought better that auctioneers should introduce an effective code of practice for themselves rather than have the OFT coming in with guns blazing.

Things have gone quiet lately, which may be the result of good practice. But auctioneers will have to keep a close watch that financial success does not degenerate into complacency. One well publicised slip up could do a disproportionate amount of damage to the confidence of buyers when it has taken so long to build this aura of respectability.

If the cowboys are kept out, there seems no reason why auctions should not continue to grow in size and number. Nor will the South East take all the jam. Sales are starting up in Nottingham, Manchester, Birmingham and Liverpool to give provincial buyers a chance, and to save sellers having to send all their material down to London.

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LEISURE AUCTION SCORE

YEAR 1987 MONTH(S) March & September

PROPERTY	March	September
Bingo Halls	✓	✓
Caravan Parks	✓	✓
Cinemas	✓	✓
Disposal Areas	✓	✓
Holiday Camps	✓	✓
Holiday Villages	✓	✓
Hotels	✓	✓
Restaurants	✓	✓
Shopping Halls	✓	✓
Theatres	✓	✓
Village/Port	✓	✓

SUCCESS RATE 91%

VALUE £19.05m

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LEISURE AUCTION

YEAR 1988 MONTH(S) February

PROPERTY

We're just about to fill up another card ...

AUCTIONS 2

Almost every house and piece of land was snapped up at auctions across the UK last year

Owner occupiers brave the sale rooms

A BATTERY of new jokes disturbed the surface of unchanging banter at a typical Eastenders pub last year...

Five years ago an owner occupier was a rare sight in an auction room. Today they are more courageous...

leading auctioneer in Kent, taken over by the Prudential, has seen business boom...

slowed in the South-east at the end of 1987, in line with the overall housing picture...

them being pipped by the odd few thousand pounds in tenders, when they might have been willing to cough up even more than they offered...



In her family's tradition

JACQUELINE Murphy is the third generation of her family to become a property auctioneer...

Office property Exceptions to a rule

THE AUCTION market has not, traditionally, been a good one for offices. The exceptions to this are those properties which have a "blue chip" covenant...

Retail property Useful for disposals

SHOPS are traditionally the most popular auction lot. About three years ago, the average yield of a shop stood at around 10 per cent...

Industrial property New order is beneficial

INDUSTRIAL PROPERTY is now selling well at auction, and in some cases showing yields of less than 10 per cent...

Office property

Jones Lang Wootton knocked down two office blocks, both well into seven figures...

Retail property

July sale, they offered four lots, three of which sold, two prior and one in the room...

Industrial property

At Hirschfelds' June sale, this was illustrated by the knocking down of 146-149 Vauxhall Street, London SE11...

Advertisement for Healey & Baker Auctions, featuring a professional auction sales service and contact information.

Advertisement for FORTHCOMING AUCTION SALES, listing dates and locations for Liverpool and Widnes.

Advertisement for EDWARDSYMONS & PARTNERS, listing various services and contact details.

Advertisement for Grimley J R Eve, VALUERS AND AUCTIONEERS OF Plant & Machinery.

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Advertisement for WILLMOTTS AUCTIONEERS, featuring 'STILL INDEPENDENT!' and residential/commercial sales.

Advertisement for SCOTLAND'S PROPERTY AUCTIONEERS, highlighting a high success rate.

Advertisement for Edward Rushton, established 1855, valuers and auctioneers.

Advertisement for McEvoy & Vigers, Glasgow, next auction on 23rd March 1988.

Advertisement for Weatherall Value and Sell Plant & Machinery, offering valuation and acquisition services.

Advertisement for HIRSHFIELDS AUCTION, 29TH MARCH 1988, for investment property.

AUCTIONS 3

Leisure property
Lost Empires prove to be a goldmine

IN THE heyday of Edwardian music hall, the Empire Theatre in York boasted a drawing power strong enough to attract star material like young Charlie Chaplin and Abbott and Costello. But by last year it drew only sporadic looks as the owners looked to extract star material like a young Charlie Chaplin and Abbott and Costello. But by last year it drew only sporadic looks as the owners looked to extract star material like a young Charlie Chaplin and Abbott and Costello.

IN THE last 20 years auctions have become the predominant channel for the buying and selling of works of art, at least at the upper price levels. Thanks to clever marketing, and a well oiled publicity machine, the most expensive paintings, items of furniture, books, jewels, etc. change hands under the glare of the television cameras at Sotheby's or Christie's for seven (and now even eight) figure sums.

Dealers are important, despite the growth of auction houses, says Antony Thorncroft
Catalogue law may assist major firms

of caution among those auctioneers who cannot afford large specialist teams. Their catalogue entries may become very general and unilluminating, leaving it to the major, with their numerous experts, to be specific in their attributions. The result could be bargains for the well informed collector, but even more business ending up in London.

The salerooms are desperate for goods, especially for valuable goods. To secure an important collection, they will offer the vendor a reduction in their usual 10 per cent commission, looking towards the 10 per cent premium they get from the buyer to secure their profit. But they will only negotiate on costly antiquities.

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SOME OF the most powerful images of the recession-hit early 1980s were overseas industrialists crowding into redundant UK factories and warehouses to snap up machinery at rock-bottom prices. Dealers handle many major transactions but have neither the ability nor sometimes the will to publicise their role.

Plant and machinery
Start-ups lift prices

Table with 7 columns: Auctions, Selling days, Tendering, Private treaty, Auctioneers. Rows for 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987.

Some specialists go even further, cutting out the sales pitch and offering to take equipment in bulk before it can get to the sales floor. Many sellers prefer the option of a guaranteed price immediately for a job lot rather than the gamble of an auction and then having to meet the expenses and commission fees, says James Wooster, of London-based Machine Tools International.

CONFERENCE AUCTION LAW & PRACTICE Current Problems & Solutions A MAJOR ONE DAY CONFERENCE covering Selling Stolen Goods - The Law, Regulating Auction Practices, Tax Aspects of Auction Sales, The Disappointed Buyer at Auction: Civil Redress & the Criminal Aspect. WEDNESDAY MARCH 23rd, 1988 IN LONDON.

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ALLIED DUNBAR PERSONAL FINANCIAL GUIDANCE For written details contact: Richard Britten-Long Allied Dunbar Assurance plc 17/19 Stratford Place, London W1N 9AE. Tel: 923988. Temple G. Fax: 01-629 1271. Tel: 01-499 8030. Richard Britten-Long is a licensed credit broker.

2 MAJOR MACHINERY AUCTIONS 3-DAY SALE-GLASGOW 24/25/26 FEBRUARY-AT CATERPILLAR (UK) LTD. 8-DAY SALE-NEW YORK 7th through 12th MARCH-AT FAIRCHILD INDUSTRIES. TRACTOR/EARTHMOVER MFG PLANT. AIRCRAFT MANUFACTURING PLANT. NORMAN LEVY ASSOCIATES OVERSEAS INC. 314, 322 Regent Street, London W1R 5AH. Tel: 01-631 0701. Telex: 897291 Levy G.

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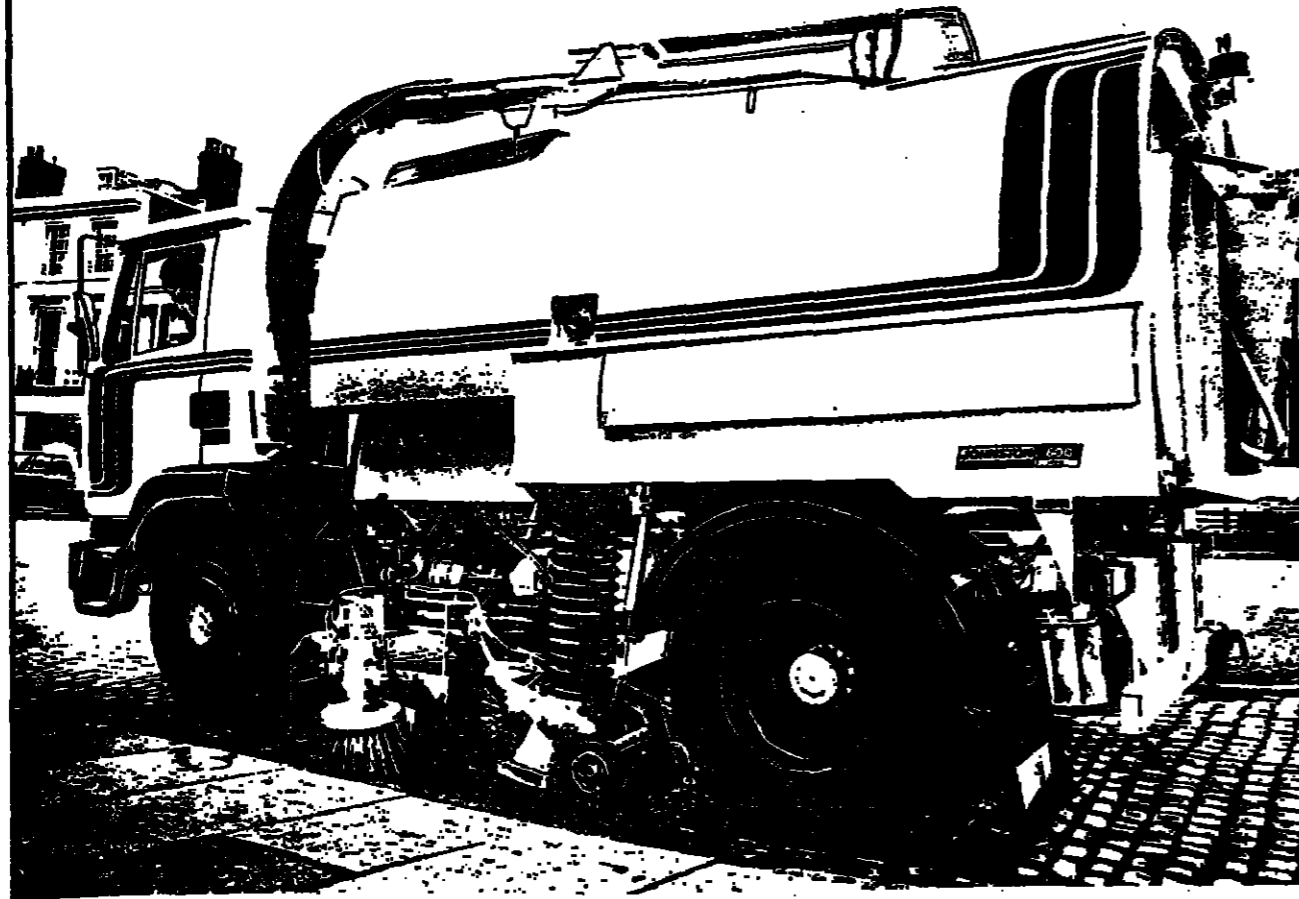


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Arts Week

F S | Su | M | Tu | W | Th
20 | 21 | 22 | 23 | 24

Exhibitions

LONDON

Tate Gallery. Turner in the new Turner Gallery. The Turner Bequest, which amounts to nearly 300 oil paintings, finished and unfinished, and a further 19,000 or so watercolours and drawings, has been a source of controversy and discussion ever since it came into the nation's hands more than 130 years ago. The vulgar notion of the century has been little to recommend it. But eight rooms for paintings and one for watercolours give room enough, and with the three reserve galleries upstairs, every painting but the few in restoration or on loan is on the wall.

PARIS

Zerbaran. From New York, an exhibition of 72 paintings traces the artistic development of one of the great masters of the Spanish Golden Age. Influenced at first by Caravaggio's chiaroscuro technique, Francisco Zerbaran progressively abandons the dark, high-contrast rich colours for a softer palette with near monochromes. Reversing the process, using geometrical composition settings and shedding everything supernatural, the mystical painter of the counter-reformation seems to be a precursor of Cubism. Grand Palais. (4260824). Ends April 11.

Museo d'Arte Decadente. More than a thousand wooden toys from as far afield as Greenland, Mexico and Russia carved by 18th century woodcutters or preparatory paintings and more than 40 drawings have been grouped around it for the first time. With 700 images contained in 15 sketchbooks, they complete the overall picture of the artist's creative process. In an adjacent room a visionary woodcutters and preparatory drawings are shown in their original form, an Iberian head and primitive objects from Africa reconstitute the artistic climate in which Picasso conceived and executed one of the fundamental works of art of the 20th century. 5 Rue de Thorigny (43 71 26 21). Closed Tue. Ends April 18.

WEST GERMANY

Munich. Villa Stuck Pablo Picasso exhibition (on loan from the Hanover Sprengel Museum) displays around 300 paintings, drawings, graphic arts from the artist's complete artistic range, spanning cubism, classicism, and surrealism, as well as Picasso's later work. Prinzregentenstr. 1. Ends Feb 28.

Stuttgart. Galerie der Stadt. Max Ackermann (1887-1976). The 100th anniversary of his birth commemorated by a comprehensive retrospective with 80 pictures from the main periods of his life. Schloßplatz 2. Ends Feb 21.

Tübingen. Kunsthalle. Andy Warhol - Cars. The last unfinished pictures of Andy Warhol, commissioned by Detmer Benz, on the 100th anniversary of his foundation, are to be seen in Tübingen for the first time. The US pop artist, who died last year, completed 12 paintings and 45 sketches. Josephsweg 76. (Ends March 15).

ITALY

Rome. Palazzo del Conservatori Campidoglio. Hidden Treasure: The Imperial Silver Collection from Kaiserzeit. An extraordinarily fine collection of silver tableware dating from 350 AD, mostly buried by two Roman generals, Marcellus and Lucius, when the Castrum Buraecense (the site of the modern village of Latrangere) on the northern perimeter of the troubled Roman Empire was threatened with barbarian invasion. They clearly intended to collect their possessions once the danger was past. The treasure was discovered in 1962, during excavation work for the foundations of a school. 254 pieces - weighing 37kg of 97 per cent pure silver, reckoned to correspond in value to one year's pay for 140 Roman soldiers. There are delicately curved, long-handled spoons, some silver beakers (glass was already more fashionable), serving dishes - one splendid octagonal, one decorated with a frieze recounting the life-history of Achilles, and another similar, decorated with a charmingly improbable fish, and an elaborate candlestick with markedly oriental decoration, inlaid with gold. Ends Feb 14.

WASHINGTON

National Gallery. A century retrospective of Georgia O'Keeffe includes 116 oil paintings and drawings, among them rarely seen examples of her still-life New Mexico landscapes, exotic flowers and still life. Ends Feb 21.

CHICAGO

Art Institute. More than 80 drawings of early 19th-century architect Friedrich Weinbrenner show his influence in rebuilding Karlsruhe and Baden Baden as well as doing numerous commissions for German royalty. Ends Feb 28.

TOKYO

Nemur Museum. Japanese swords and fittings. Objects of beauty as well as instruments of death, these swords are elegant in shape, line, texture and design. The exhibition features 60 items from the museum's collection. Afterwards, take a stroll in the demely wooded garden, lovely at all times of the year, and forget you are in the heart of the metropolis. (400 2036). Ends Feb 7.

Theatre

LONDON

The Phantom of the Opera (Her Majesty's). Spectacular emotional nourishing new musical by Andrew Lloyd Webber celebrating the romance in Leroux's 1911 Paris Opera omnibus designed by Maria Bjornson. Dave Willetts has succeeded Michael Crawford as the Phantom. (839 2244, OC379 8131/240 7200).

Follies (Shaftesbury). Stunning revival, directed by Mike Ockrent and designed by Maria Bjornson. A 1971 musical in which poisoned marriages nearly undermine an old burlesque theatre in a doomed theatre. Four new songs, improved book by James Goldman. Cast led by Dolores Gray, Julia McKenzie, Diana Ewing, Daniel Massey. All good. (978 8886).

Serious Money (Wyndham's). Transfer from Royal Court of Caryl Churchill's sick City comedy for champagne-swilling yuppie: how the Big Bang led to class war and barrow-boy dealings on the Stock Exchange. Hot and livid but new cast deemed less good. (836 3024, CC 379 8886).

Brilliant New Music (Olivier). Brilliant new Alan Ayckbourn play about Britain on the fiddle in Sweden, selling out to foreign designers and keeping it simultaneously in the family. A comedy thriller on the large scale. (928 2824).

South Pacific (Prince of Wales). Average, traditional revival of the great Rodgers and Hammerstein musical, Gemma Craven failing to wash the baritone Emilie Belcourt out of her hair.

Shiloh (Vanderbilt). Shiloh Valentine (Vanderbilt). Pauline Collins in fine and funny monodrama by Willy Russell of liberation for a Liverpool housewife on Central Television. Nora and Beckett's Winnie, with jokes. (836 9987, CC 379 4444).

A View from the Bridge (Aldwych). Well on Central Television. Producer's Eddie Carbone gives one of the greatest performances of recent years. Alan Ayckbourn's simple National Theatre production camouflages the play's flaws. Ends Feb 20 (886 8404, CC 379 6229).

A Wholly Healthy Glasgow (Royal Court). Scabrously funny new

NEW YORK

Passions (40th Street). August Wilson hit a home-run. This year's Pulitzer Prize, with James Earle Ray taking the powerful lead role of an old baseball player raising a family in an industrial city in the 1940s, trying to improve their lot but dogged by his own failings. (211-1211).

Cats (Winter Garden). Still a sell-out. Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually starting and choreographically jarring, but a rather stark and over-blown idea of theatricality. (239 6202).

42nd Street (Palazzo). An immediate celebration of the heyday of Broadway in the 1930s incorporates songs from the original film, the Sinatra OST to Buffalo, with the appropriately brash and leggy heading by a large chorus line. (877 9020).

A Chorus Line (Shubert). The longest-running musical ever in America has not only supported Joseph Papp's City Center for eight years but also updated the musical genre with its backstage story in which the songs are used as a guide rather than a crutch. (239 6203).

Le Cid (Winter Garden). With some tawdry Jerry Robbins songs, the French film manages barely to capture the feel of the sweet and hilarious original. Struck by lightning and gaudy chorus numbers. (767 2626).

'Tis Not Happening (Booth). The best play of 1986 was on the strength of its work-of-mouth popularity for the two oldest on Central Park benches who flicker and patch together life, present and future, with a funny plot to match. (239 6200).

Les Misérables (Broadway). Led by Colin Wilcock, the West End role as Javert, the magnificent spectacle of Victor Hugo's majestic sweep of history and patchwork brings to Broadway lessons in generosity and drama, if not strict adherence to its original source. (239 6200).

Starlight (Gertrude). Those who saw the original at the

MUSIC

LONDON

Philharmonia Orchestra conducted by Norman del Mar with Robert Cohen, cello, Mozart, Haydn and Tchaikovsky. Barbican Hall (07 638 8911).

London Symphony Orchestra conducted by Jeffrey Tate with John Graham Hall, tenor and Hugh Sisson, Darius Milhaud and Elgar. Barbican Hall (Thur).

PARIS

Jean-Pierre Rampal, flute, accompanied by harpsichord and piano: Bach, Poulenc, Mozart, Telemann (Mon. 6.30pm). TMR-Chatelet (42 33 44 44).

Neouvel Orchestre Philharmonique conducted by Marek Janowski, with Siegfried Jerusalem. The Adam and The Radio France Choir: Wagner's complete version of Parsifal (Tue, 8pm). TMR-Chatelet (42 33 44 44).

Ensemble Vocal Jean-Pierre Lere singing Duruflé's Requiem, Mozart and Galdar's Magnificat (Tue). Saint-Basile (42 81 85 26).

Orchestre National de France conducted by Neeme Järvi play Shostakovich, Sibelius, Brahms (Thur). Radio France, Grand Auditorium. (42 30 15 15).

Orchestre de Paris conducted by Pierre-Michel Durand, Helene Grimaud, piano; Bertoldi, Liszt, Bartok (Thur). Salle Pleyel (42 63 93 73).

Neouvel Orchestre Philharmonique conducted by Marek Janowski, Ann Murray, mezzo-soprano; Schbert, Webern, Berg (Thur). TMR-Chatelet. (42 33 44 44).

ITALY

Rome. Auditorium in via Della Conciliazione. Yoav Talud conducts Brahms with violinist Ugo Ugini; Mendelssohn and Gervasio (Mon and Tue) (864 1044).

ARTS

NEW YORK

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Starlight (Gertrude). Those who saw the original at the

WASHINGTON

Enrico IV (Arena). Pirandello's mystery of the man who imagined himself as Emperor Henry IV of Germany is staged by Zelda Tichauer. (488 3800). Ends Feb 21.

CHICAGO

Passion Play (Goodman). Peter Nichols' clever twinning of the major characters as they conduct a complex and often sharp edge to the view of contemporary life in London. (443 3800). Ends Feb 13.

TOKYO

38 Steps (Aoyama Theatre). Song and dance with the Shida Theatre Company which specialises in musicals and which is celebrating its 35th anniversary this year. The evening features 35 extracts from past, present and future Shida productions - from West Side Story to Phantom of the Opera. (239-6244). Ends Feb 21.

Kabuki (Kabuki-za). Tokyo's main Kabuki theatre is celebrating its centenary this year. The evening features several favourites and new works. The morning programme this month includes Kintaro, in which the wily con artist Kintaro's master's pursuers. The afternoon programme has another popular piece, Sulekoku. Both plays are the property of the Ichikawa family whose Kabuki lineage dates back 250 years and feature the current head of the family, Danjuro K.I. (541 3131).

NEW YORK

Cleveland Orchestra. Vladimir Ashkenazy conducting with Franklin Cohen on clarinet. Sibelius, Mozart, Ravel (Wed), Carnegie Hall (247 7800).

Dr. Coppen. Celebrate Flayers. A Jewish boy's birthday celebration with works by John Buller, Stephen Albert (Mon), St. Louis's Chamber Ensemble, Michael Feldman conducting. Erlich, St. violin, Alexandra Hunt soprano, Bennett Lerner piano. Vittorio Ratti 90th birthday celebration (Wed), Barry Swann piano recital, George Grumb, Frederic Karwida (Thur), Merkin Hall (Goodman House), 67th w of Broadway. (862 6719).

The Beethoven. began on Schubert's 190th birthday, continues the ten-year programme of the complete works of the composer, culminating as his bicentennial. Over 60 chamber works, nine symphonies and operas, songs, masses both known and unknown will be performed. Orfanos Hall, 1386 Michigan Av (811 8616).

New York Philharmonic. Giuseppe Sinopoli conducting with Philip Myers on horn, Scriabin, Mozart (Tue). Charles Dutoit conducting Jean-Claude Pennepin (Thur), Bartok, Bachmannoff (Thur). (Avery Fisher Hall) Lincoln Center (874 2824).

WASHINGTON

National Symphony. Mstislav Rostropovich conducting Sibelius (Tue); Mstislav Rostropovich conducting Boyce, Tchaikovsky (Thur); Concerto Hall, Kennedy Center (254 3770).

CHICAGO

Chicago Symphony. Sir Georg Solti conducting. Kathleen Battle soprano, Alfred Shuff baritone and Chicago Symphony Chorus. Brahms (Thur). Orchestra Hall. (486 8111).

Continued on Page 23

New Issues January 28, 1988

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ARTS

Cinema/Nigel Andrews

Insanity reigns

Nadine directed by Robert Benton. King Lear directed by Jean-Luc Godard...

"Marriage is a little like going to a gym," says writer-director Robert Benton...

This sounds like a description of the film critic's profession. The only difference is that whenever the critic thinks he has graduated beyond the pain threshold...

Nadine is set in 1954 in small-town Texas, and its sensibility is time-warped and provincial to match Robert Benton's weakness for the twee and folksy...

Mr Learo (Meredith) and his Cordelia-like daughter Kate (Ringwald). There are occasional interruptions from Godard himself as the Fool...

For those not having the faintest idea what is going on, Godard provides captions and intertitles to confuse them further. "Nothing will come of nothing..."

Are we, in the age of AIDS, going to be smitten with an epidemic of vampire films? We are. After Near Dark, The Lost Boys comes to town...



Kim Basinger and Jeff Bridges in "Nadine"

next morning. However, the art director's choice of the film is that you score zero for quickness-on-uptake. Soon blood is being spattered, screams are being dispensed...

stratagem lessons on everything you did not know about knives and cleavers but were afraid to ask - is the subplot Romeo-and-Juliet romance. An Italian boy and a Chinese girl dare to love each other in the crossroads...

contrivances stick out. If you want a good time, why not go instead to the National Film Theatre's melodrama season?

Nor, alas, is there much to be seen in the cinema. This has the gifted Michael Keaton (of Mr Mom and Gang Ho) trying to resuscitate an expiring comedy script about murders, molls, mobsters and lottery frauds...

Venus and Lucrece/Almeida

Michael Coveney

The latest fruit of Peter Gill's secret laboratory at the National hangs a little green on the bough at the Almeida in Ilchester. Barty Thomas's Art Depot presentations of Shakespeare's early Ovidian narratives, Venus and Adonis and The Rape of Lucrece, are stilled theatrical exercises in erotic adventures.

meretrice and tossing the frosty Adonis (Jerome Flynn) in the haybags. Adonis looks like a convincing, and not at all difficult, to me.

Some words are set to songs of lamentation: one of the Venuses blows a plaintive pipe, the best passages are reserved for Julie Swift as the most mature seducer. But the scene remains doggedly de-activated, Adonis's fate at the hands of the bear completely ducked, dressed up in footling fussiness.

Messiaen/Festival Hall

Richard Fairman

During the next month the Festival Hall is mounting a series of organ recitals devoted to the essential repertoire of the young Messiaen, as the title evocatively calls him. It is a tribute that every organist will surely give the most wholehearted support...

Anything further from the light, occasional style of the 19th century French organ composers is difficult to imagine. The feeling of La Nativité, with its programme of religious meditations, is one of timeliness, of thoughts allowed to mature and deepen without any of the usual restrictions that public performance imposes on composition.

Henry Moore, sponsored by Salomon Brothers, and starting September 16. Next winter the RA hopes to mount another of its important retrospectives of 20th century European art, this time devoted to Italy.

Arts Guide

Table with columns for location (New York, Washington, London, Paris) and details of opera and ballet performances.

Opera musical directorship is a new production of Parsifal. The staging is by Bill Bryden in the design of Gordon Griffiths. The young German tenor Peter Seiffert (London debut) takes the title role...

Hansel and Gretel/Coliseum

Max Loppert

Pauline Tinsley, a mainstay of Sadler's Wells Opera both at the old house and in the early years at St Martin's Lane, has not appeared at the Coliseum since those memorable Mary Stewart performances of 1974.

But the impact of Miss Tinsley's appearance is by no means only vocal: she shows us a much tougher, harder-bitten Mother (the threats of domestic violence, from mother to son and husband and wife become correspondingly more vivid) and a much less self-advertisingly flouncy Witch than we saw previously.

Kit and the Widow/Lyric Studio

Martin Hoyle

Kit has a profile, a receding hairline and a smoothly ingratiating manner with a dash of the cynic. He is the only little voice about 14, has big brown eyes and a mischievous schoolboy grin.

Webster method (You too can write a great West End score - steal it from somebody else). Kit (Heath-Harvey), the singer and front man, is a screen-writer with Maurice to his credit and a forthcoming musical - the Barbican, March - that won the Vivian Ellis award for best new musical.

Saleroom/Antony Thorncroft

Bronze and silver

Antoine-Louis Barye is the big name among French sculptors in bronze in the mid-19th century and Christy is a very expensive good price when it offered his rare composition, a group of Roger and Angelica borne by the Hippogriff. It got the sum it sought, £71,500.

The limelight was grabbed by the Crown Jewellers, Garrard, when the Crown Jewels were bought yesterday for just under £200,000 at the Duchess of Windsor jewel sale in Geneva last April.

Advertisement for 'Travelling on Business in the Netherlands?' featuring the Financial Times and listing various hotels in Amsterdam and other locations.

Advertisement for 'WEST GERMANY' featuring opera performances at the Deutsche Oper, including Parsifal and other works.

Advertisement for 'Two new RSC productions for London' featuring The Royal Shakespeare Company's new productions, including The Merry Wives of Windsor and The Merchant of Venice.

FINANCIAL TIMES

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Friday January 29 1988

Changing role of the Bank

THE APPOINTMENT of a Governor to the Bank of England is a good moment to take stock of an institution which plays a central role in the country's financial and banking affairs. On this occasion, the re-appointment of Mr Robin Leigh-Pemberton highlights the process of change to which the Bank, like every other institution in the City of London, has been subjected in recent years.

Many people will see the Government's decision to ask Mr Leigh-Pemberton to stay on as a sign that it wants the Bank to continue playing the less assertive, more functional role which it has taken on in the 1980's in both monetary and banking matters. While this transformation undoubtedly owes something to the embolism character of Mr Leigh-Pemberton himself, it is circumstances as much as the man which have brought about the change.

There is no doubt that the last five years have marked a transition by the Bank. Whereas it used to exercise its authority through informal means, it now derives its powers largely from statute. But a modernisation of the Bank's role was also desirable - at least in some areas - and Mr Leigh-Pemberton's contribution to the process may well be that he has gracefully facilitated what was inevitable anyway.

Serious weaknesses

In the management of the UK economy, governments until the mid-1970's used to leave much of the handling of monetary policy to the Bank because of its technical competence. Whitehall's principal interest was in fiscal policy, then thought far more important. However, the priority attached to monetary policy was greatly enhanced after the sterling crisis of 1976; since then, and especially under the present intellectually self-confident Chancellor, monetary strategy has remained the Treasury's domain.

The traditional role of the Bank as a voice to advise and warn government has been reduced, and its utterings now come more from the wings than from centre stage. The Bank's function has become limited to the more

technical one of administering policy in the markets. Its ability to influence strategy has been further reduced by the personality of the Governor, although the Bank still speaks out - as Mr Leigh-Pemberton did the other day when he warned of the inflationary dangers lurking in the economy. How greatly preferable, though, is the more disciplined approach now taken to the management of monetary and foreign exchange policy over the costly muddles of the prior decade.

In its other role, as guardian of the British banking system, the Bank has also seen its powers altered. The Johnson Matthey Bankers crisis in 1984 exposed serious weaknesses in its supervisory competence and accelerated new banking legislation which has given the Bank more clearly defined powers. The new Banking Act has provided a better framework for the management of the City which now has 600 banks, 400 of them foreign, and where a flicker of the Governor's eyebrows no longer obtains instant results - or is even understood by many of the players.

Club ethic

If all this has drained some of the Bank's small store of independence and mystique, Mr Leigh-Pemberton's first term has some achievements to its credit. On the securities side the Bank played a leading part in a fundamental modernisation of the City which was achieved in the space of only two years. The jury is still out, but the Bank wins marks for its performance so far. It has also led the international debate on the regulation of multinational banks which is expected to produce a major accord later this year. Both these achievements have helped reinforce London's position as an international financial centre.

The Bank appears to be recovering from a period when its reputation, both within the City and in Whitehall, was at a low ebb. Its retreat from the old City club ethic towards a more open and less discretionary regime was both necessary and welcome.

Anglo-French priorities

THE ANGLO-FRENCH summit which takes place in London today comes as a timely reminder that there is more to European co-operation than the ever-deepening relationship between Paris and Bonn. Recent history has demonstrated that franco-German reconciliation is a pre-condition for peace in Europe. Yet there is a danger that, if too much emphasis is placed by Paris and Bonn on their bilateral links, the objective of greater political and defence co-operation within the European Community could be undermined.

The meetings that Mrs Thatcher will be having today with President Mitterrand and Mr Chirac, the French Prime Minister, should provide an excellent opportunity for examining ways in which Britain can become more closely involved in the process of giving Europe a greater role in Western defence. However, it is not certain that the British and French leaders have the same priorities. While President Mitterrand is expected to try to give the joint development of an air-launched nuclear-armed missile a fresh political stimulus, Mrs Thatcher may be more concerned with eliciting French support for the British position on agricultural and budgetary reform in the Community.

Key area

The French reaction to the Prime Minister's insistence that West Germany attempts to curb down proposals for curbing farm spending through so-called budget stabilisers must be countered at all costs will provide an important pointer to next month's European summit debate on the subject. But her chances of obtaining anything but an ambiguous reply are slim, since the French appear broadly to support the compromise tabled by the West Germans in Brussels.

Important as these Community issues are, they should

not be allowed to dominate the discussions to such an extent that Anglo-French nuclear co-operation is pushed into the background. For here, the French have shown a real desire for co-operation with Britain in a key area for Western defence strategy following the conclusion of the INF treaty.

If British enthusiasm for the joint development of an air-launched nuclear missile has been noticeably less than that of France, it is not only because of a disagreement between the two air forces over the range of the new weapon. Mrs Thatcher is said to be concerned that co-operation on nuclear weapons between Britain and France might weaken the US's nuclear and overall military commitment to the defence of Europe and thus undermine Nato.

Military sphere

If that is really the Prime Minister's view, she should be reminded that successive US Administrations have repeatedly urged the European allies to assume a greater share of the burden of defending their continent. Even more relevant is the likelihood that the US military presence in Europe will, in any case, have to be reduced in the longer run as the result of budgetary constraints.

A realistic defence policy for Europe cannot be based just on the hope that such a day will never come. Contingency plans have to be made and nothing would create a greater climate of confidence in Europe if the continent's only two nuclear powers were to start co-operating on the development of nuclear weapons. Such co-operation, in conjunction with the joint steps taken by France and West Germany in the conventional military sphere, should be seen as strengthening the European pillar of Nato and thus the Western Alliance as a whole.

Robert Graham reports on Argentina after the second failed military rebellion in nine months

Alfonsín battles to keep the balance

PRESIDENT Raul Alfonsín has hooked his credibility to a ringing sentence uttered in the aftermath of last week's military rebellion. "We have once again put the house in order," he said reassuringly.

But he needs to do a lot more reassuring, both at home and abroad, after the 36-hour rebellion that was crushed on January 18. It was the second such uprising in nine months and came as his popularity was being eroded by divisions within his Radical Party and by his Government's repeated failures to grapple with Argentina's stagnant, debt-ridden economy.

Today, Argentines are no longer nervously listening to their transistors and those that can keep abreast of inflation have resumed summer beach life. The leader of the rebellion, ex-Colonel Aldo Rico, who boasted that "a soldier does not negotiate, a soldier fights," has surrendered; and the army high command has detained those responsible, in the biggest purge of the officer corps for more than 25 years.

All the same, Mr Alfonsín cannot slip easily into a mid-winter snooze. Political cartoonists in Buenos Aires have been portraying him as a haunted sleeper - menaced by a clutch of political, military and economic spectres, including Col Rico, Peronist opposition and the IMF.

Col Rico was a spectre on a return visit. As well as leading this month's rebellion, he also instigated the uprising last Easter and should have been behind bars. Instead he was able to escape from house arrest in a Buenos Aires country club to the garison town of Monte Caseros, 380 miles north of the capital. From there he demanded a shake-up of the army high command and a vindication of the military's role during the "Dirty War" against the Left (1976-82).

These, he insisted, were purely military demands. But if he had been successful, Rico would have split the military establishment, taken all credibility from President Alfonsín and dealt a body blow to democracy.

This last is the most important aspect. Democracy has been consolidated - since the junta ceded power after the 1982 Falklands debacle - by the military accepting civilian authority. President Alfonsín solved the problem of getting democracy accepted by the higher ranks by forcing the generals to retire, or by arming the principal junta figures. What has been more complicated has been the handling of those who could not be so easily retired: the middle-rank and junior officers and NCOs who grew up under the Dirty War. Even if, like Col Rico, they took no direct part in the Dirty War itself, they were often embittered by their superiors' incompetent handling of the Falklands conflict.

These are men who have lost most in the new democratic order. Their privileges are reduced, and they have been cold-shouldered by much of the public. Their dissatisfaction has spawned a bitterness similar to that which nurtured the Organisation de

l'Armée Secrète (OAS) among the French in Algeria. Col Rico possesses many of the attributes of an OAS diehard, down to his "poor white" background (his father was a bar-owner in Buenos Aires suburb).

Col Rico and the commandos he led suffered from a particular problem. They were victims of Argentina's need to create heroes after the Falklands defeat - popularly seen as men of action able to take the initiative. Their self-importance was swollen by the outcome of the rebellion last Easter when Col Rico took over the main Infantry barracks outside Buenos Aires, and his fellow officers refused to act against him.

Although President Alfonsín said no deal had been

Rico was a victim of Argentina's need for heroes after the Falklands defeat

made to end last year's rebellion, events quickly proved otherwise. A law was introduced acknowledging the principle of obeying superior orders as a defence in cases of human rights abuses committed under the juntas. This reduced the number of middle-ranking and junior officers liable to trial from 400 to some 60. In addition, a number of unpopular generals were retired, military pay was increased and the rebels themselves were treated lightly.

These concessions contributed to the outbreak of the second rebellion but at the same time they weakened it. Mr Jose Ignacio Lopez, the presidential spokesman, gives several reasons for the failure of the second uprising:

- The concessions made last Easter satisfied the bulk of the armed forces.
- General Jose Dante Cardil, the army chief of staff, reposted a number of the key dissidents after the Easter rebellion, neutralising their effectiveness. He also promoted loyalists - for exam-

ple, Gen Juan Ramon Mabragana, who led the armoured thrust on Monte Caseros forcing Col Rico's surrender, was a colonel only nine months ago.

Col Rico revealed weakness by establishing his base at Monte Caseros, rather than in the capital, and then allowing himself to be manoeuvred into firing first on his fellow soldiers.

A significant indicator of the rebellion's failure was the way the citizens of Monte Caseros applauded a liberating column of loyal troops. In a nation where soldiers have been seen as oppressors, the idea that they might be on the side of the people is startling. "This aspect of the rebellion, that there are loyal troops backing the democratic order, provides a means to build a bridge between the military and the rest of society," says Mr Marcelo Subirán, a leading Radical deputy.

The Government was quick to capitalise on the failure of the rebellion, detaining 328 officers and NCOs (from an army total of 18,000). These formed a coherent ideological group within the army, not affecting the other two service arms. If the Government's pledge of stiff punishment holds good, the armed forces will be more homogeneous.

The military influence in politics remains, however, an issue. Mr Alfonsín's critics are concerned about the attitudes of "loyal" officers. During the rebellion, President Alfonsín resisted pressure from within his party to negotiate and let Gen Cardil take charge, to show that it was solely a military affair. The Mothers of Plaza de Mayo, a human rights group, say that the resolution of the January crisis was money. They fear that Gen Cardil will seek, as a quid pro quo for his loyalty, an amnesty for all those involved in the Dirty War and a cancellation of the pending human rights cases.

Close associates of Mr Alfonsín insist such a concession would be politically impossible for him. Col Rico's



demand was for a shake-up of the army high command, including the army chief of staff. Gen Cardil was therefore acting primarily to save his own credibility and position; the president owes him no debt.

These criticisms aside, the resounding defeat of the rebellion has certainly helped Mr Alfonsín with his political problems. In the short term, political commentators believe the president has recovered much of the ground lost after last year's rebellion. The concessions made then led to a poor performance by the Radicals in last year's mid-term parliamentary elections, and gains by the opposition Peronists. In the debate surrounding this month's rebellion, the Peronists have not distinguished themselves, choosing to blame the Government for the uprising when they have done nothing but sit on the fence themselves.

The Peronists are divided on the extent to which they want to help President Alfonsín. The Peronist presidential hopeful, Mr Antonio Cafiero, is anxious to play a constructive role and is aware that forcing a political showdown would be counter-productive.

Mr Alfonsín can take only partial comfort from this opposition disarray. His term lasts until 1989, and the constitution prohibits a second so he will soon become a lame-duck leader. His only way round this is to change the constitution, but his party is divided on the issue, as are the Peronists.

And the president is not only playing to a domestic audience: his Government's attempts to resolve the country's economic problems depend in large measure on the attitudes of Argentina's foreign creditors. Here, this month's rebellion has been little help to the country's image of stability - at a time when its external economic position is worse than at any time since the onset of the debt crisis.

The 1987 trade surplus slumped to below \$1bn (\$590m) due to low prices for agricultural goods, which still account for 75 per cent of exports. Readily usable reserves are as low as \$500m. This year \$4.5bn is due to be paid out in debt service and on the most optimistic projections of the trade surplus, the country will need a minimum \$2bn in fresh money. The alternative is some form of debt moratorium, a route which has solved neither Brazil's nor Peru's problems.

Negotiations began this week in Washington with the International Monetary Fund on new financial aid, but the fund's demands are the same as when help was first sought in 1985: reduce inflation (now back up to 8 per cent a month) by cutting back the bloated public sector, raise utility tariffs and establish a more realistic exchange rate policy.

The blame lies less with the Government's policies than with their implementation, combined with the constant drain of funds caused by service of the \$54bn debt. The

unions, fighting to preserve real wages, have been recalcitrant in agreeing to a "social pact." Public spending has consistently overshoot targets through the Government's inability to control the big, semi-autonomous state companies and the desire of both the Peronists and Radicals to foster patronage.

Mr Alfonsín apparently hopes to twist the arm of the international community on the grounds that a deteriorating economy imperils democracy. This weekend, in Madrid, he is due to sign a "solidarity agreement" with Spain, providing up to \$3bn over the next four years in financial aid, credits and investment.

This is a strange reversal of roles. Almost 40 years ago Peron came to the aid of an impoverished and isolated post-civil war Spain with a loan. Argentina was then 11th in the league of the world's wealthy countries. It is now almost 100th on the list.

This comparison illustrates that, if Argentina's house is in order as President Alfonsín claims, he can only be referring to military matters. The economic house is still in disarray; the president's political position, though stronger, still suffers from inherent weaknesses; for the remainder of his term he will have to keep a wary eye on the military. None the less, Mr Alfonsín is right to find reassurance in the failure of the rebellion: though a bridge between civilians and the military cannot be built in such a short time, a start has been made.

Good head, lively body

By the roughest of measures, if Sir Derrick Holden-Brown, outgoing chief executive of Allied-Lyons, is a vintage Chateau Lafite, his successor Richard Martin is a good two pints of beer bitter (1055 original gravity).

Martin, 55, may lack the subtler qualities of Sir Derrick, who is keeping the job of group chairman, but for after-taste and wallop he certainly is equalled among the upper ranks of management of the cakes-and-ale group.

It was no mean task to perform a heart transplant on Allied's beer division. As managing director of Allied Breweries, Martin guided the complex and fraught operation which transformed its flagship Ind Coope Burton plant into a showplace of modern beer technology and working practices.

However, his frank manner, which translated into an up-and-at-em attitude during the defence against the bid from John Elliott's Elders IXL in 1985, was considered a little too abrasive for delicate City temperaments.

Sir Derrick's hired advisers, and some of his own people, were dubious about Martin's suitability for presenting Allied's case to the institutions. He was deemed too little known in the City community, and his tendency to react impatiently to daft questions was thought a touch risky at such a delicate time.

While he will doubtless be properly introduced before he takes charge of group operations at the end of the year, it is to be hoped that in the interim his toughness is not too much altered by closer association with the silky urbane Sir Derrick.

Low punch

It remains to be seen whether Hans-Joerg Rudloff,

OBSERVER

deputy chairman of London-based Credit Suisse First Boston is flattered, appalled, or both, at an article in this month's Business magazine which calls him banking's best-dressed boss - among other accolades like genius and scurrilous journalist, the magazine told Rudloff's secretary when she inquired whether she had the picture that all was fine. The nameless member of the editorial staff said afterwards: "I hadn't the heart to tell her that we had pictured him with flames coming out of his ears and two horns."

Two's company

The respective leaders of Britain, France and West Germany appear almost to enjoy not getting on a trolis in a perpetual game of playing one off against the other.

They are at it again. President Mitterrand and a team of ministers are in London seeing Margaret Thatcher and her colleagues today. Chancellor Kohl is paying a brief visit next week, but the more detailed consultations that are supposed to be a normal part of Anglo-German governmental relations seem to have been postponed indefinitely.

Kohl and Mitterrand are in regular contact. Indeed Franco-German relations remain close regardless of the political complexion of their Governments. British Prime Ministers sometimes prefer Bonn, sometimes Paris. At present the West Germans are in the doghouse and the French are the favourites.

The responsibility for this behaviour seems to me to lie largely in London which does not want to put the triangle together.

There is one way, however, in which Kohl and Mitterrand could issue a polite challenge. They could formally and jointly invite Thatcher to take the pound into the exchange rate



"I would think an SDP delegate, of all people, could recognise a merger sign."

Shultz shuttle

On Monday this week Hans Siniora and Fayez Abu Rahme, a Jerusalem newspaper editor and a Gazan lawyer, were just two of the many thousands of Palestinians currently banned from travelling about on the grounds that they were a threat to Israeli security.

Siniora, calling for civil disobedience against the occupation, had restrictions on his movements; while Abu Rahme was in Gaza City under a personal travel ban. Two days later they were in Washington meeting George Shultz, at the express request of the US Secretary of State. Siniora has long been the favourite "moderate Palestinian" of both the Reagan Administration and the Labour wing of the Israeli coalition Government. Significantly, both he and Abu Rahme have in the past had the blessing of the PLO to take part in future talks with Israel. Shultz personally intervened at the highest level to relax the banning orders and telephoned Siniora to make sure his papers were in order.

Abu Rahme, meanwhile, was at home in bed when he received a 2 am call from the Israeli military. Passes and papers were spirited together in a matter of hours in time for the flight.

To the point

Overheard in a Cambridge college court the other day, one don to another: "And ninthly...."

Through thick and thin.

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FX/29/1/88

MR NEIL KINNOCK could be the best leader that Britain's social democrats have got. Right now he runs the Labour Party and calls his creed democratic socialism, but whichever way you order the words they mean pretty much the same thing.

The differences are no greater than they were between Lilliput, where the practice was to break eggs at the smaller end, and Blefuscu, ruled by Big-Endians. It is all there in Gulliver's Travels. (My edition has a learned introduction by Michael Foot, whose disastrous leadership of the Labour Party precipitated the defection of its right-wing "social democrats" in 1981.) Gulliver records the publication of many hundreds of large volumes on the controversy between the Little-Endians and the Big-Endians. Social democratic/democratic socialist opponents of the British Conservative Government's mix of populism and old-fashioned economic liberalism have yet to acknowledge that an egg is an egg, whichever way you crack it.

Until they do, tiny social democratic politicians will continue to run round like ants beneath the steady tread of Mrs Margaret Thatcher. Last weekend the Liberals decided to rename their party the Social and Liberal Democrats in the hope that, this weekend, the Social Democratic Party will vote to join them. The common expectation is that it will, but that Dr David Owen will lead a splinter group of his own (the Bitter-Endians?), into the palm of Mrs Thatcher's hand.

If things work out that way Mr Kinnock will be in luck. His kind of economic liberalism and co-operation from the new party will be greater if it does not contain Dr Owen and his followers, since one of the doctor's principal ambitions appears to be to destroy the Labour Party. The received wisdom among the opposition is that the Labour Party factions cannot abide one another, so one of them - Labour, Social and Liberal Democrats, or Dr Owen's new party - must flatten the rest before going ahead to defeat the Government.

What is not so widely understood is the extent to which the minor parties would have to be crushed if Mr Kinnock alone is to stand a chance of overturning the Conservatives' 101-seat majority at the next election. (The talk of Mr Steel or Mr Faddy Ashdown or Dr Owen or any of the other social democratic leaders achieving as much is piffle). Labour has managed a comparable turnaround only twice before - first in the excep-

Politics Today

Looking for the last exit from Lilliput

By Joe Rogaly

Labour can reel off a column of names of trade union leaders who are keeping their heads down and saying nothing to disturb the party's "new reason" but the nurses are not yet safely on board. All this is in sharp contrast to Australia, where the Labor Prime Minister, Mr Bob Hawke, enjoys the support of a highly-intelligent group of pragmatic non-socialist trade union officials. They saw the light when they witnessed Britain's unions being crushed by the Tories, whose 1979 victory was in large measure a consequence of the winter of discontent. As a result everything is upside-down Down Under: it is Labor that has won the arguments, while the conservative opposition is lost and forlorn. Britain's trade unionists have not yet received the message, although Mr Kinnock has.

The second, more fundamental, reason for the loss of trust in Britain's Labour Party is that it has been overwhelmingly representative of producers in an age when consumers reign. The new model party that Mr Kinnock is trying to create is aware of this. His own pet phrase, "accentuate the positive," enables him to acknowledge the need for consumers' choice in all areas of life, even though, coming as he does from both Wales and the Labour party, he can hardly fail to include publicly provided services as one of the available choices. So attacks on private consumption are no longer commonplace.

Mr Kinnock has done himself a great deal of good by concentrating on the third cause of distrust of the Labour Party: infiltration by Marxist and Trotskyite or "new reason" but the nurses are not yet safely on board. All this is in sharp contrast to Australia, where the Labor Prime Minister, Mr Bob Hawke, enjoys the support of a highly-intelligent group of pragmatic non-socialist trade union officials. They saw the light when they witnessed Britain's unions being crushed by the Tories, whose 1979 victory was in large measure a consequence of the winter of discontent. As a result everything is upside-down Down Under: it is Labor that has won the arguments, while the conservative opposition is lost and forlorn. Britain's trade unionists have not yet received the message, although Mr Kinnock has.

Mr Kinnock knows what has caused the loss of trust.

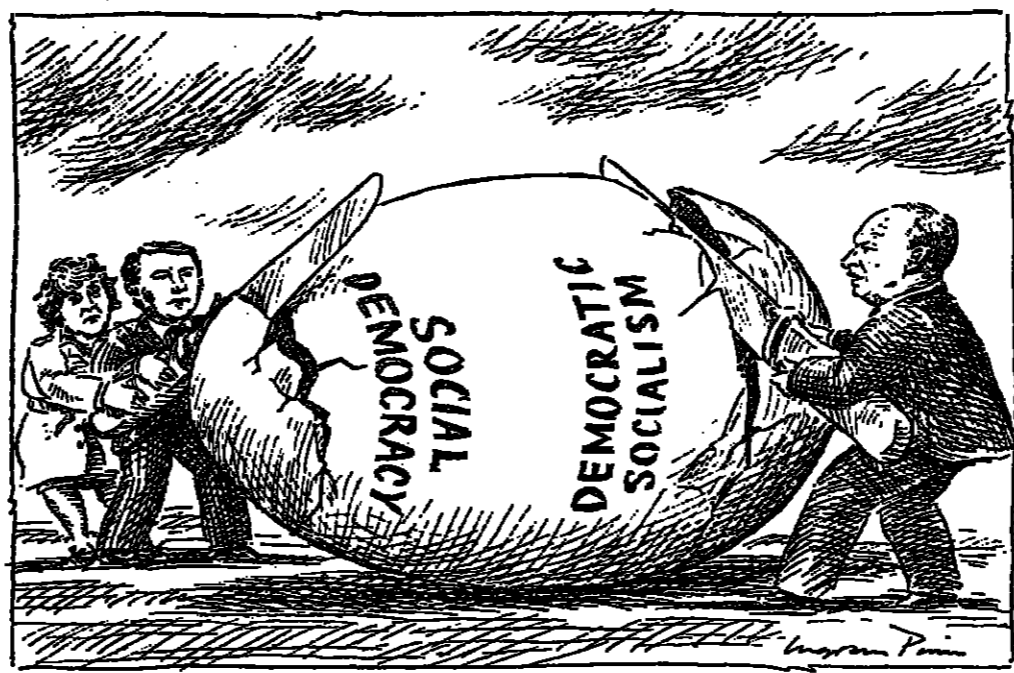
mark, but so far there is no sign of that happening. It is unlikely to happen until more people come to trust the Labour Party again. Mr Kinnock, who is wiser than he is given credit for, knows what has caused the loss of that trust. The first item on any list would be the winter of discontent in 1978-79, when the trade unions disgraced themselves and their party by attacking refuse and hospital services. In some places their members were prevented from burying the dead. Mr Kinnock cannot erase the memory, but he is trying to prevent any such thing from happening again.

On Wednesday, for example, he persuaded labour's national executive not to vote in support of a strike by the nurses next week. His success may be limited: further. He has, however, grasped hold of the party machinery, acting like a combination of chairman and chief executive; to those who complain that this is "dictatorial" the proper reply is that if Labour cannot demonstrate that it can put its own house in order it will never convince anyone that it can run the country. His passionate parliamentary attacks on the Government's management of the National Health Service have demonstrated that by

self a great deal of good by concentrating on the third cause of distrust of the Labour Party: infiltration by Marxist and Trotskyite or "new reason" but the nurses are not yet safely on board. All this is in sharp contrast to Australia, where the Labor Prime Minister, Mr Bob Hawke, enjoys the support of a highly-intelligent group of pragmatic non-socialist trade union officials. They saw the light when they witnessed Britain's unions being crushed by the Tories, whose 1979 victory was in large measure a consequence of the winter of discontent. As a result everything is upside-down Down Under: it is Labor that has won the arguments, while the conservative opposition is lost and forlorn. Britain's trade unionists have not yet received the message, although Mr Kinnock has.

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The next step would be a convincing economic policy

focusing on a serious issue of general concern Labour can hope to grasp the initiative (although the Prime Minister is no pushover; she has responded swiftly by bringing the reform of the health service to the forefront of her own agenda). Labour's unthinking Left is still trying to gang up on him; it always will. There may even be a contest for the leadership of the party, although last week Mr Kinnock was successful in brushing aside an attempt to campaign against his deputy, Mr Roy Hattersley. Events of this kind will provide grist for those parts of the press that are on permanent watch to report Labour unfairly, but they are unlikely to have much effect beyond that. Most of the Labour "movement" seems to be aware that

there is no present option but to follow Mr Kinnock.

This is not to say that he will lead them into the promised land of electoral victory. Too much has to fall into place for that to happen, at any rate in one go. But let us say that the new Social and Liberal Democratic Party eventually sees the sense of an accommodation with Labour and that Mr Kinnock grows to sufficient political stature to arrange one. (At present he will not hear of such a thing). The 1987 Labour Party election manifesto would probably have suited the original Social Democratic Party, except on defence; next time Labour will almost certainly abandon the commitment to unilateral nuclear disarmament.

The next step would be to find a convincing economic policy, one that assured potential voters that the prosperity that Mrs Thatcher had made possible would not be taken away. All the social democrats are a million miles from such a policy at present; but you never know, Mr Kinnock's policy review may produce a miracle. Labour-plus-social democrats might then do quite well, especially if the Tory Government is first shown to be at a loss about how to make use of the fruits of the market economy. In short, Mr Kinnock's chance is slim, even if he does all the right things. But if the opposition parties continue to behave like Lilliputians, that is what they will certainly remain.

Lombard In praise of improvidence

By John Plender

ONE OF THE more curious features of recent international economic diplomacy has been the determination of Mr Nigel Lawson, the British Chancellor, to lecture the Americans on the need for fiscal prudence. Such exhortation almost invariably irritates more than it persuades. And in the light of this week's fourth quarter figures for the US economy, it seems pertinent to ask whether it really is in the British or European interest to see the Americans abandon their allegedly improvident ways.

The picture that emerged was one of unexpectedly weak consumer demand, with sales falling well short of output. As a consequence business inventories have been piling up at a rate that clearly implies sharp production cuts in the first quarter of this year. Taken together with strengthening exports, this raises the possibility of a more marked improvement in the trade balance than most US forecasters have been counting on to date. If US fiscal policy were to be tightened just at the point when the personal sector is already releasing resources to facilitate trade adjustment, who outside the United States will take the strain? For the inevitable counterpart of a reduction in the US deficit is a deterioration in trade balances elsewhere.

The question surely has a certain piquancy for Mr Lawson after yesterday's less than buoyant UK trade figures. And it is scarcely designed to gladden the heart of the West Germans, who have never shown any desire to occupy the role of consumer of last resort in the world economy. Their *partis pris* has always been to attack the US for doing just that, while simultaneously exploiting the resulting export opportunity to bolster their own flagging growth. Europe, of course, remains the dominant force in a presidential election year has its virtues after all.

The US has pretty well doubled in the course of this decade, which implies a fair amount of pain at the margin. The US market is even more important for the Japanese. Yet they have become noticeably less inclined, over the past year, to cast aspersions on US economic policy - despite the damage wrought on Japanese investment portfolios by the devaluation of the dollar. All this may offer a clue to the likely pattern of trade and capital flows in 1988.

One interpretation of the October stock market crash is that the market was responding to the prospect that a US current account deficit running at \$150-160bn was impossible to finance. Private investors and central banks were over-stocked with dollars; and their reduced appetite for dollar-denominated assets would impose a rapid and savage trade adjustment. As the chief creditors of the US, however, the Japanese naturally have to ask where else they could divert their export effort. Only the European Community has the potential to make much impact on the Japanese problem; and it seems unlikely that it has the political urge to oblige.

It follows that Japan has a powerful interest in a relatively slow adjustment to the US-Japanese trade imbalance. With its consensual tradition, and a financial structure in which institutional investors are subjected to official guidance, it becomes perfectly logical to regard losses on dollar investments as an appropriate loss leader for Japanese exports - a form of insurance against over-rapid adjustment. Perhaps Europe should take a leaf out of the Japanese book by encouraging its industrialists to go bargain hunting in the US and its investors to believe that the dollar really will be held at the present level. Maybe policy inertia in a presidential election year has its virtues after all.

City job losses will continue

From Mr Stephen Johnson. Sir, Dispute over the numbers employed in the City - 230,000 suggested by Mr Stephen Lewis of Philipps and Drew, 220,000 suggested by Mr. Rajan of the Institute of Manpower Studies, or the more widely quoted 450,000-500,000 - obscures the point about prospective City job losses. It is not the figures, but the proportion of the job loss that are significant.

I believe that job losses in the sector will continue for some years, and probably accelerate. The process is because of the progressive application of established technology to improve productivity itself a result of intensifying pressure to reduce costs.

Few would deny that competition is increasing not only in stockbroking, but in other dealing sectors, in insurance, as well as in home and foreign banking. No longer confident that volumes will inevitably increase, firms seek to reduce costs; inevitably this means people and premises. Consequently job losses will occur as firms cut down on external services. (One can choose whether to call these "City" or "non-City" jobs.)

There is nothing novel in what is happening in the City, the financial services sector, or concern with areas, not products, does not exempt it from recognisable trends in other sectors: the "back room" is as exposed to new technology as the assembly.

Clearly identifiable pressures require City managements to plan constructively for significant potential job losses.

Stephen Johnson, Coultis Career Consultants, 25 Whitehall, SW1

Letters to the Editor

Specialised help is required

From Mr Richard Bullock. Sir, Your leader of January 15 questioned the decision, announced in the Department of Trade and Industry White Paper, to continue with selective subsidies for inward investment, and drew attention to the adverse impact on unsubsidised competitors. Your recognition of this is welcome. It is a point we have repeatedly had to draw to the attention of ministers of this and previous administrations, who have all too often ignored - in their understandable desire to create new jobs in areas of high unemployment - the longer term displacement effect on existing jobs in established companies, and their plans for expansion.

There is a direct link between this matter and another decision trumpeted in the White Paper: the ending of "sponsorship" and "industry divisions." As a former practitioner in this field, I do not recognise the description of sponsorship which is used to justify its extinction: in my experience, sponsorship was by no means a matter of claiming responsibility for the "destiny" of particular sectors of industry nor of supporting their claims right or wrong. It involved having a good enough understanding of the nature, problems and structure of an industry, and knowledge of its leading figures, to be able to make an informed judgement of the effects on that industry of government policies, and to ensure that these were understood by those taking decisions

Nato policy is being reviewed

From Mr William C Danvers. Sir, Mr Robert Mauthner's article, Nato policy is ripe for review, (FT, 22.1.88), clearly presents the case why the North Atlantic Treaty Organisation (Nato) must begin a much needed review of its strategy.

The North Atlantic Assembly (NAA) has undertaken a study of the future of the alliance. Headed by Senator William Roth of the US, it will, among other things, examine the role of Nato into the coming century. I hope that this report, due to be released in the next few months, will serve as useful a function as the Harmel Report, an analysis of "The Future Tasks of the Alliance", adopted by the allies in 1967. As Stan Sloan wrote in his book, Nato's Future, the Harmel Report "provided an intellectual and political framework for Nato policies which accommodated the growing split in the alliance between left and right."

Perhaps the new North Atlantic Assembly report can help bridge the gap between the present dichotomy confronting Nato: apathy and commitment to the alliance. In any case, having such a study from the Assembly, an international organisation consisting of Nato countries' parliamentarians, will guarantee that the political dimension of the debate over Nato's future will receive its proper emphasis. In addition, the NAA's secretary general, Dr Peter Casterer, former member of the Bundestag and Minister of State in the West German Foreign Ministry, has a keen understanding of Nato's problems. William C. Danvers, 110 S Buchanan Street, Arlington, Virginia 22204, USA.

European Telecom Organizations ask you: Complicated business communication or Teletex?

"The expenses for the horses are high, but necessary; to both them in wine and other expensive things for example."



Message from the painter and political agent Peter Paul Rubens to the Duke of Mantua, 1603.

We don't know whether the horses that delivered this message had also bathed in wine. It is certain, though, that such business correspondence for Rubens was very complicated and time-consuming. And many people have his problems even today. In order to change this, some European and Overseas Telecom Organizations have joined forces to present Teletex. Today Teletex is a young and very efficient worldwide communication service. It makes desk-to-desk direct electronic correspondence a reality. With the same quality and text layout as in an advanced word processing system and in the document's original format, Teletex operates automatically around the clock, crossing all frontiers and time zones. Teletex is an excellent solution for your formal business correspondence. It provides you with management support and efficient problem-solving facilities, because it can easily be added to your office equipment for your communications with the outside world. International standardization and the intelligence inherent within the service concept guarantees compatibility for all Teletex-compatible equipment. This includes all kinds of text and word processing systems, personal computers as well as other terminals and machines. On top of that you can already reach 1.7 million Telex subscribers all over the world. Please contact us and order the "Teletex Brochure", "Infoservice Teletex International", P.O. Box 1190, 6600 Saarbrücken, Federal Republic of Germany. Phone: ++49615183-5226.

TELETEX the electronic business correspondence Deutsche Bundespost

Bureaucrats left by ministers to play God for too long

From Mr Hugh Corbet. Sir, Harry Shutt probably enjoyed writing his letter about the report of the Trade Policy Research Centre's study group on "Public Scrutiny of foreign trade", headed by Olivier Long, the former Director-General of the General Agreement of Tariffs and Trade (GATT). It can be fun taking potshots at people one does not know about things one knows little or nothing about.

His remarks (December 23) have only just been drawn to my attention after returning from the Far East, where we convened in Bali on January 8-10 the fourth Asia-Pacific trade conference at which, incidentally, ministers and officials responded very positively to the proposals in the Long Report. "Few would dispute" - Mr Shutt writes - "the desirability of having more informed public

debate on economic policy issues generally." In this particular instance, however, Mr Shutt has not troubled to inform himself, for he obviously has not read the Long Report.

Dr Long's study group has not suggested that the determination of public assistance in competitive difficulties "can be left to some 'politically independent' review agency uninfluenced by vested interests." On the contrary, its report argues that decision-taking should be left to ministers.

What the Long Report has suggested is that ministers should be able to make better-informed decisions if, first, an independent body was required to conduct a public enquiry into any proposal that public assistance, whether through subsidies or protection, be given to a particular industry. The purpose of the public enquiry would be to assess, *inter alia*, the likely costs (and benefits) to the economy, to allied industries, and to other interests (not just those of consumers and taxpayers), of the proposed public assistance.

Mr Shutt says he is not arguing "for narrow, autarkic protectionism, but for recognition that the benefits of international trade can ultimately be secured only through a process of regulation and negotiation, openly conducted, which ensures a degree of equity in their distribution."

Who would be responsible for that process? When Mr Shutt can answer that, beyond just saying "governments," he should write again. Perhaps then, Sir, we could all share something of his faith in the ability of bureaucrats to bring about the economic growth and

development of nations. In the meantime, though, it should be noted that the main task of governments in the Uruguay Round negotiations, now proceeding in Geneva under the auspices of the GATT, is to sort out the consequences of bureaucrats in industrialised countries being left by ministers to play God for too long in the field of international trade and competition; handing out a little bit of regulation here, doing a little bit of negotiation there, cartwheeling one industry after another, until they have helped not only to screw up the GATT system but also, and more importantly, to screw up the economies in whose interests they might actually have believed they were working.

Hugh Corbet, Trade Policy Research Centre, 1 Gough Square, EC4

INTERNATIONAL COMPANIES AND FINANCE

Isvheimer U.S. \$100,000,000 Floating Rate Participation Certificates Due 1992 issued by Morgan Guaranty GmbH for the purpose of making a loan to Istituto per lo Sviluppo Economico dell'Italia Meridionale

The Finnish Paper Mills' Association - Finnmap U.S. \$100,000,000 Floating Rate Notes Due 1995 In accordance with the terms and conditions of the Notes, the rate of interest for the interest period January 29, 1988 to July 29, 1988 has been fixed at 7 1/8% per annum.

CHASE MANHATTAN OVERSEAS BANKING CORPORATION FLOATING RATE NOTES DUE 1993 For the six months 29th January, 1988 to 29th July, 1988 In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 7 1/8% per cent and that the interest payable on the relevant interest payment date, 29th July, 1988 against Coupon No. 20 will be U.S.\$37.80.

Société Nationale des Chemins de Fer Français £75,000,000 Guaranteed Floating Rate Notes 1993 (redeemable at the holder's option in 1990) unconditionally guaranteed, as to payment of principal and interest, by The Republic of France

U.S. \$100,000,000 FIDELITY FEDERAL SAVINGS AND LOAN ASSOCIATION Collateralized Floating Rate Notes Due 1992 Interest Rate 7 1/4% per annum Interest Period 29th January 1988 29th April 1988

U.S.\$400,000,000 GUARANTEED FLOATING RATE SUBORDINATED CAPITAL NOTES DUE OCTOBER 1996 CITICORP BANKING CORPORATION Unconditionally guaranteed on a subordinated basis by CITICORP

U.S.\$50,000,000 Floating Rate Notes due July 29, 1991 CITICORP BANKING CORPORATION Notice is hereby given that the Rate of Interest for the period January 29, 1988 to April 29, 1988 has been fixed at 7.20% and that the interest payable on the relevant interest payment date, April 29, 1988 against Coupon No. 7 in respect of US\$10,000 nominal of the Notes will be US\$182.00.

Benedetti chocolates unit up for sale By David Lane in Milan MR CARLO De Benedetti is close to withdrawing from the confectionery business which he entered in a surprise diversification move in February 1986.

The CIB Financial holding company which controls Mr De Benedetti's interests in the food industry is evaluating offers for Perugia, a manufacturer of chocolates and cakes with a stock market value of about L319bn (\$260m).

The company's 1987 results will include turnover of about L50bn from Bouquet d'Or, a French quality chocolate maker which the Italian company acquired at the beginning of July.

Security Pacific Corporation Dutch Guilders 250,000,000 Floating Rate Notes 1986 due 1986 In accordance with the terms and conditions of the Notes, notice is hereby given that for the interest period from January 29, 1988 to July 29, 1988 the Rate of Interest has been fixed at 4 1/2% per cent and that the interest payable on the relevant interest payment date, July 29, 1988 against Coupon No. 5 in respect of Nlg50,000 nominal of the Notes will be Nlg1,137.50, and in respect of Nlg100,000 nominal of the Notes will be Nlg2,275.00.

NMB BANK Nederlandsche Middenstandsbank nv U.S. \$100,000,000 Floating Rate Notes Due 1992 In accordance with the provisions of the Notes, notice is hereby given that for the six month period 29th January, 1988 to 29th July, 1988, the Notes will bear interest at the rate of 7 1/8% per annum.

U.S.\$250,000,000 GUARANTEED FLOATING RATE SUBORDINATED CAPITAL NOTES DUE JANUARY 1997 CITICORP BANKING CORPORATION Unconditionally guaranteed on a subordinated basis by CITICORP

U.S. \$500,000,000 CITICORP Subordinated Floating Rate Notes Due January 30, 1988 Notice is hereby given that the Rate of Interest for the period January 29, 1988 to April 29, 1988 has been fixed at 7.0125% and that the interest payable on the relevant interest payment date, April 29, 1988 against Coupon No. 25 in respect of US\$10,000 nominal of the Notes will be US\$60.39.

EUROCE, the Swedish building materials, engineering and trading group, and Aker Norcem, its Norwegian counterpart which specialises in oil drilling equipment, have agreed to buy cement and concrete plants in the US worth about Skr7500m (\$83.4m).

THE US and Canadian cement interests of Holderbank and Société Suisse de Ciment Portland have been taken over by a newly-formed holding company jointly owned by the two Swiss groups.

KARSTADT, WEST Germany's biggest retailing group, said yesterday that trading levels in 1987 had been satisfactory and that parent company sales had improved from DM9.39bn to DM9.9bn (\$5.9bn).

U.S. \$70,000,000 Autopista Vasco-Aragonesa, Concesionaria Española, S.A. Guaranteed Floating Rate Notes due 1985 Unconditionally Guaranteed by The Kingdom of Spain

U.S. \$400,000,000 The Kingdom of Belgium Floating Rate Notes Due February, 2000 In accordance with the provisions of the Notes, notice is hereby given that interest payable on 29th February, 1988 will amount to U.S.\$9,834.20 per U.S.\$250,000 Note.

U.S. \$500,000,000 Subordinated Floating Rate Notes Due October 25, 2005 CITICORP BANKING CORPORATION Notice is hereby given that the Rate of Interest has been fixed at 7.0375% and that the interest payable on the relevant interest payment date February 29, 1988 against Coupon No. 28 in respect of US\$10,000 nominal of the Notes will be US\$60.40.

U.S. \$150,000,000 Korea Exchange Bank Floating Rate Notes Due 1985 In accordance with the provisions of the Notes, notice is hereby given that for the six month interest period from January 29, 1988 to July 29, 1988 the Notes will carry an interest rate of 7 1/8% per annum.

EUROCE and Aker buy US plants and the EC as the prime areas for expansion. Scancem is also buying Vine-land, a concrete company with six factories in the New Jersey area, which is expected to be an important buyer of cement.

Holderbank reorganises North American venture BY JOHN WICKS IN ZURICH THE US and Canadian cement interests of Holderbank and Société Suisse de Ciment Portland have been taken over by a newly-formed holding company jointly owned by the two Swiss groups.

PROCORDIA, THE Swedish state holding company, is paying Skr280m (\$46.6m) for an 10 per cent shareholding in Nora Industrial, the big Norwegian industrial company.

HISPAÑO AMERICANO bank lifts dividend BY DAVID WHITE IN MADRID BANCO-HISPANO AMERICANO yesterday announced a sharp increase in its dividend for 1987 to Pta100 per share from Pta80, while channelling almost all its earnings into provisions to cover a year ahead of schedule.

U.S. \$500,000,000 CITICORP Subordinated Floating Rate Notes Due October 25, 2005 Notice is hereby given that the Rate of Interest has been fixed at 7.0375% and that the interest payable on the relevant interest payment date February 29, 1988 against Coupon No. 28 in respect of US\$10,000 nominal of the Notes will be US\$60.40.

U.S. \$60,000,000 Bergen Bank A/S Floating Rate Notes due 1988 In accordance with the provisions of the Notes, notice is hereby given that for the six month interest period from January 29, 1988 to July 29, 1988 the Notes will carry an interest rate of 8 1/8%.

U.S. \$350,000,000 CITICORP Subordinated Floating Rate Notes Due November 27, 2005 Notice is hereby given that the Rate of Interest has been fixed at 7.0375% in respect of the Original Notes and 7.125% in respect of the Enhancement Notes, and that the interest payable on the relevant interest payment date February 29, 1988 against Coupon No. 27 in respect of US\$10,000 nominal of the Notes will be US\$60.60 in respect of the Original Notes and US\$61.35 in respect of the Enhancement Notes.

Finland group buys 80% of three CBR offshoots BY TIM DICKSON IN BRUSSELS THE FINNISH Partek Group, whose activities cover building materials, concrete technology, and lifting equipment, has acquired an 80 per cent stake in three subsidiaries of CBR, the Belgian cement group.

Karstadt sales show sound improvement BY OUR FINANCIAL STAFF KARSTADT, WEST Germany's biggest retailing group, said yesterday that trading levels in 1987 had been satisfactory and that parent company sales had improved from DM9.39bn to DM9.9bn (\$5.9bn).

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U.S. \$350,000,000 CITICORP Subordinated Floating Rate Notes Due November 27, 2005 Notice is hereby given that the Rate of Interest has been fixed at 7.0375% in respect of the Original Notes and 7.125% in respect of the Enhancement Notes, and that the interest payable on the relevant interest payment date February 29, 1988 against Coupon No. 27 in respect of US\$10,000 nominal of the Notes will be US\$60.60 in respect of the Original Notes and US\$61.35 in respect of the Enhancement Notes.

Akzo profit hit by weak trading BY OUR FINANCIAL STAFF AKZO, THE Dutch chemicals and fibres group, has suffered sharply lower profits for 1987 following weak trading in man-made fibres and consumer products.

Sanofi bounces back onto acquisition trail BY GEORGE GIBSON IN PARIS SANOFI, the pharmaceuticals company controlled by France's Biot-Aquin business group, is consolidating itself for the failure of its bid for the US drugs group A.H. Robbins by bouncing back on the acquisition trail.

Sanofi bounces back onto acquisition trail BY GEORGE GIBSON IN PARIS SANOFI, the pharmaceuticals company controlled by France's Biot-Aquin business group, is consolidating itself for the failure of its bid for the US drugs group A.H. Robbins by bouncing back on the acquisition trail.

CITICORP OVERSEAS FINANCE CORPORATION N.V. (Incorporated with limited liability in the Netherlands Antilles) US\$125,000,000 GUARANTEED RETRACTABLE NOTES DUE 1997 Unconditionally guaranteed by CITICORP

U.S. \$500,000,000 The Republic of Italy Floating Rate Notes due 2005 In accordance with the provisions of the Notes, notice is hereby given that for the interest period from January 29, 1988 to February 29, 1988, the Notes will carry an interest rate of 7% per annum.

U.S. \$150,000,000 Republic New York Corporation Puttable Capital Notes For the six month period 27th January, 1988 to 27th July, 1988 the Notes will carry an interest rate of 7 1/8% per annum with an interest amount of U.S.\$379.17 per U.S. \$10,000 Note payable 27th July, 1988.

U.S. \$350,000,000 CITICORP Subordinated Floating Rate Notes Due November 27, 2005 Notice is hereby given that the Rate of Interest has been fixed at 7.0375% in respect of the Original Notes and 7.125% in respect of the Enhancement Notes, and that the interest payable on the relevant interest payment date February 29, 1988 against Coupon No. 27 in respect of US\$10,000 nominal of the Notes will be US\$60.60 in respect of the Original Notes and US\$61.35 in respect of the Enhancement Notes.

INTERNATIONAL COMPANIES AND FINANCE

David Dodwell on the newly-created group which will be Hong Kong's largest HK Telecom set for recession-proof growth

WHEN STOCK trading in Hong Kong's telecommunications begins on Monday, investors will have their first chance to buy shares in what will instantly become the territory's largest company.

The new group - a fusion of Hongkong Telephone, which provides the domestic telephone services, with Cable and Wireless (Hong Kong), which has a monopoly of Hong Kong's international telecommunications links - will be more than twice as big as any other company on the local exchange.

It will have a market capitalisation of just over HK\$75bn (US\$9.56bn) and will account for 21 per cent of the market's entire value.

At the outset, investors will have access to just 9 per cent of the 8.5bn HK Telecom shares in issue. The UK-based Cable and Wireless - parent company of both HK Telephone and Cable and Wireless (HK) - will retain about 80 per cent of the Hong Kong Government, a long-standing shareholder in Cable and Wireless (HK), will hold the remaining 11 per cent.

When plans to create this giant were unveiled, the picture was intended to be different. Both the Government and Cable and Wireless had plans to divest about 5.5 per cent

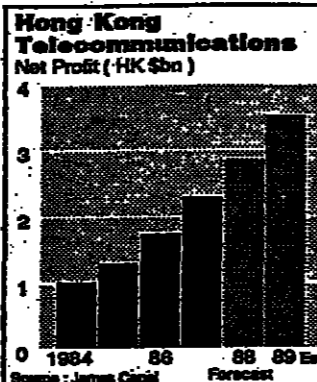
piece, putting a total of 20 per cent of the company into public hands.

But the launch could hardly have been more ill-starred - set for the morning of October 19 last year. As the share price of HK Telephone tumbled from HK\$19.50 to a post-crash low of HK\$9.30, plans for public offerings were hastily jettisoned, and have yet to be resurrected.

"The public flotation is constantly under review," Mr Terry Miller, the new deputy chief executive of HK Telecom, said yesterday.

Sir Eric Sharp, chairman of the British parent, insists that the company has been committed since 1981 when his company was privatised by the UK government, to giving investors an opportunity to buy shares in its Hong Kong subsidiary.

Pressure for a reorganisation of the group's interests in Hong Kong have become more acute since it took control of HK Telephone, and since demands have begun to mount on the colonial administration to divest itself of stakes in listed companies. As part of the 1981 privatisation arrangement, the Government of the territory was sold a 20 per cent stake in the Hong Kong subsidiary for what must now be seen as a very modest payment of HK\$700m.



Industry analysts in Hong Kong are in unison in saying that the amalgamation of the two companies providing the domestic and international telecommunications services under a single quoted holding company makes irresistible corporate sense.

While the two will remain separate at an operating level, they will come to resemble more closely the domestic and international divisions of Cable and Wireless in other territories worldwide like Bahrain, Barbados or even the Mercury services in the UK.

Analysts also appear to agree

that the new company will be among the most potent operating in Hong Kong, ranking alongside China Light and Power as having a recession-proof prospect of real growth passing 20 per cent a year for at least five years ahead.

For several years now, Cable and Wireless has looked to its Hong Kong subsidiaries to generate at least 70 per cent of group profits. The lucrative telecommunications monopolies in Hong Kong - worth about \$450m (\$802.8m) in 1986 - are expected to be worth \$1bn by 1991.

With the development by Cable and Wireless of a "global digital highway," its penetration of the Japanese telecommunications market, and the group's pole position in the development of mainland China's telecommunications services, growth potential is still seen as substantial.

The shadows cast over the company are comparatively few. The most telling is that cast by 1997, when China grants sovereignty of Hong Kong. The group's franchises are not protected by the Sino-British joint declaration on Hong Kong's future and so could in theory be usurped by Peking's telecommunications authorities.

The company has over the

past five years developed close links with the mainland, both as a consultant and a provider of telecommunications services, and there are hopes this will pre-empt any predatory moves in Hong Kong by the Peking authorities.

Also to forestall such a possibility, the group has committed itself to setting its roots more firmly among the Hong Kong investing public. While the strong profits stream from Hong Kong has provided a powerful disincentive for the UK parent to dilute control, there is every sign that, in spite of the October crash, a larger proportion of HK Telecom shares will soon find themselves in public hands.

Given the local problems in digesting large tranches of shares, investment is likely to be gradual, and may in part take the form of private placements. The Hong Kong Government is likely to be the first to dispose of its shares, attracted as it is by the prospect of massive windfall gains. In addition, neither of the local operating companies is in obvious need of new funds.

Whatever the prospect, as one stockbroker noted yesterday: "Twenty-one per cent of the stock market cannot be ignored."



1987 NET INCOME: FF 2.75 BILLION + 90%

For the Saint-Gobain Group, 1987 was a good year. According to current estimates, Group net income before minority interests increased by 83%, and net income after minority interests increased by 90%. This increase is derived both from the strong improvement in income of the Industrial Activities of the Group (66% of sales); and the important decrease in losses recorded by the Contracting and Services Activity (31% of sales).

Approximately two-thirds of this income was generated by the European companies of the Group, and the remaining third was generated by the Group's North and South American subsidiaries. The determining factor in 1987 was the very good income of the French industrial companies, whose contribution to net income was 33%.

The new progress of the Group is explained by the favourable growth of its principal markets, particularly the automobile industry, packaging, and to a lesser extent, the building industry. But this progress is also the result of the Group's capital expenditure on plant and equipment and of its management efforts. The "break-even point" of most of the Group's plants has been able to be lowered significantly. Productivity has strongly increased everywhere. Finally, the Group has also benefited from the even geographical distribution of its activities.

The principal consolidated Group data in 1987 may be analysed as follows:

- The decrease (-1%) in sales (FF 76.9 billion) is derived principally from a certain decrease in the Contracting and Services Activity. This decrease is also explained by the transition, into French francs, of sales generated in dollars, and, to a lesser extent, by the changes in the composition of the consolidated Group.
- The operating result of the Group is approximately FF 6 billion (+ 54%), and the Group net income (before minority interests) is FF 3.75 billion (+ 83%). These figures are calculated after: - amortisation (FF 3.25 billion), provisions (FF 0.6 billion) approximately equal to those of last year, - non-operating expenses (FF 0.9 billion) which, while still significant, are lower than those of 1986.
- Exceptional items, particularly gains on sales of assets (FF 0.49 billion) which are higher than those of 1986 (0.25 billion); - net financial charges (FF 1.36 billion) which show a significant decrease (-21%); - and strongly increased taxes (FF 2.1 billion).
- The Group net income (after minority interests) is FF 2.75 billion (+ 90%), minority interests being approximately FF 1 billion. This net income is calculated, as in preceding years, before anticipated remuneration of non-voting participating shares, which is FF 246 million.
- Group sources from operations are FF 6.44 billion (+ 20%). These are to be compared to capital expenditure on plant and equipment: FF 4.4 billion (+ 15%).
- The Group's sources of funds remained abundant throughout the year. They enabled the Group on one hand to pursue the reduction of its long and medium term debt, and on the other hand, to make significant investments in securities: (FF 1.95 billion). In particular, the Group acquired a 3.5% shareholding in the Compagnie Financière de Suez, as well as control of several complementary companies in its industrial divisions, in Canada, the USA, Portugal, West Germany, and Sweden.
- In 1987, all of the Group's businesses expanded in all of the countries where the Group is present. The activity of the First Class Division was strong in all of Europe. In 1987, it is responsible for approximately one-third of Group net income (before minority interests). Other Divisions have also contributed to the improvement in profitability: the Insulation Division, which has thus confirmed its good performance; the Container Division, which has again improved its margins; the Paper-Wood Division, which has recorded its best performance in a decade; the Fibre-Cement Division, which has again reported good results, such as those earned prior to 1986. The Pipe and Machinery, Fibre Reinforcements and Industrial Ceramics Divisions have reported performances similar to those of last year. The contribution of the Contracting and Services Division to Group net income still remains negative (FF 145 million as against FF 382 million last year).
- In total, the profitability of the Group's industrial activities can be favourably compared to those of international companies of the same type. The Contracting and Services activities are approaching equilibrium. Finally, the estimates made for 1988 indicate that, in spite of a less favourable international economic situation, the Group should, thanks to the improvement in its industrial structure, be able to again achieve satisfactory results in 1988.

Investor Relations Department
COMPAGNIE DE SAINT-GOBAIN
18, Avenue d'Alsace - 92400 Courbevoie (France)
Tel. (33) (1) 47-62-33-33

Strong recovery for Bethlehem Steel

BY OUR FINANCIAL STAFF

BETHLEHEM STEEL, the third largest US steel group, has reported net profits for the 1987 fourth quarter of \$75m or \$1.02 a share, fully diluted, more than double the previous year's \$34.2m or 55 cents a share. Sales for the fourth quarter rose to \$1.21bn from \$1.02bn in the same period a year earlier.

For the full year, Bethlehem earned a net profit of \$174.5m or \$2.77 a share. This compares

with a loss of \$152.7m or \$3.37 a share in 1986 when the company was still suffering from a high level of imports of steel into the US, competitive pricing, and sluggish demand.

Although the strong recovery during the fourth quarter and the whole year included substantial net gains from extraordinary items, Bethlehem also saw a marked improvement in capacity utilisation to 76 per cent in the final quarter from

67 per cent, and to 72 per cent, from 65 per cent for the full year.

Steel production reached 3.05m short tons in the final quarter, against 2.68m a year earlier and rose to 11.54m short tons from 10.41m in the whole of 1986. Shipments in the quarter of 2.42m short tons were up by a similar proportion from 2.07m in the same period of 1986, while the yearly figure was 9.36m tons against 8.47m.

"For the year 1988, we anticipate that there will be a modest decline in steel consumption, particularly in the consumer durables sector," the company said. However, Bethlehem also stressed that its strong position in the market for steel products

sold to the capital goods and construction industries would enable it to maintain shipments roughly at 1987 levels.

As part of its continuing programme of shedding fringe assets, Bethlehem also announced that it has put three shipyards - in Beaumont and Port Arthur, Texas, and Singapore - up for sale. Some 400 people work at the three yards.

The group is concentrating its remaining ship, offshore and related construction and repair work at Sparrows Point, Maryland, where it intends to devote a large portion of 1988's projected \$20m in total capital expenditures to modernising the hot strip mill at its large steel works.

Malaysia to complete DTC rescue package

By Wong Sulong in Kuala Lumpur

BANK NEGARA, the Malaysian central bank, has announced the final stage of a 1bn ringgit (\$390.9m) rescue package for the country's deposit-taking companies, whose operations were frozen in August 1986 after losses of more than 700m ringgit.

The rescue package arose from the Government's decision to provide 500,000 depositors of the DTCs that they would be given a full refund of their deposits. Most of the depositors are Malaysian Chinese and concerned relatives had, at one stage, threatened to develop into a major political issue.

"With these arrangements, we hope to see the final resolution of the DTC crisis which had resulted in much anguish and suffering by a large section of the population," said Tan Sri Jaffar Hussain, the Bank Negara governor.

Under the final stage of the package, the 270,000 depositors in 11 DTCs are to receive cash payments, ranging from 50 to 70 per cent of their deposits, in three instalments, from next month to December 1988.

The balance, amounting to \$15m ringgit, will be paid out in the form of shares in a finance company, called Kewangan Usahasama Makmur (KUMM) which will later seek a listing on the Kuala Lumpur Stock Exchange.

A similar scheme has been drawn up for Kooperative Serbaguna Malaysia (KSM), which is controlled by the Malaysian Chinese Association, the Chinese partner in the government coalition.

The 166,000 KSM depositors will get back half their 548m ringgit of deposits in cash, and the balance will be distributed in the form of shares in Magnum, the inclusive lottery company. Magnum, already listed on the KLSX, is 88 per cent owned by Multi-Purpose Holdings, another investment vehicle of the MCA.

Depositors of another 11 DTCs were refunded in full last year.

Italian International Bank Plc
U.S. \$60,000,000
FLOATING RATE NOTES DUE 1991

In accordance with the provisions of the Notes, notice is hereby given that for the six month interest period from 29th January 1988 to 29th July 1988 the Notes will carry an interest rate of 7 1/4% per annum and the Coupon Amount per US \$10,000 will be US \$382.33

Agent Bank:
Morgan Guaranty Trust Company of New York, London.

Bank of Montreal
(A Canadian Chartered Bank)
U.S. \$250,000,000
Floating Rate Debentures, Series 9, due 1996
(Subordinated to deposits and other liabilities)

Notice is hereby given that the Rate of Interest for the three month period 29th January, 1988 to 29th April, 1988 has been fixed at 7 1/4 per cent. The amount payable on 29th April, 1988 will be U.S. \$183.26 against Coupon No. 16.

Morgan Guaranty Trust Company of New York, London.

Notice of Early Redemption THE SEIYU, LTD.
(the "Company")
U.S. \$20,000,000
8% Convertible Bonds Due 1996
(the "Bonds")

Notice is hereby given that in accordance with Condition (8)(B) of the Terms and Conditions of the Bonds, the Company will redeem all of the outstanding Bonds at 102 per cent of their principal amount on February 29, 1988 when interest on the Bonds will cease to accrue.

On February 29, 1988 the redemption price of 102 per cent will become due and payable upon each Bond to be redeemed, together with accrued interest from September 1, 1987 amounting to U.S. \$40.00 per U.S. \$1,000 Bond.

The right to convert the Bonds into fully paid shares of the Company will terminate on February 29, 1988, the date fixed for redemption. Bonds surrendered for conversion will not be entitled to accrued interest and shall be accompanied by the February 29, 1988 Coupon and all Coupons maturing thereafter. Bonds for conversion shall be deposited in accordance with Condition (8)(B)(i) at the offices of the Conversion Agents specified on the Bonds on or before February 29, 1988. The Bonds are presently convertible into fully paid shares of the Company at the price of Yen 702 per share. At such conversion price the holder of U.S. \$1,000 principal amount of Bonds would receive 303 shares of the Company (using the fixed exchange rate specified in Condition 5(A)(ii) of Yen 212.70 equals U.S. \$1). The reported closing price on January 27, 1988 of the shares of the Company on the Tokyo Stock Exchange was Yen 1,570 per share. At such a price, the holder of a Bond of U.S. \$1,000 principal amount would receive upon conversion 303 shares having an aggregate value of Yen 596,910. The aggregate principal amount of the Bonds outstanding as at the closing of January 27, 1988 was U.S. \$478,000.

Failure to deliver Bonds for conversion on or before February 29, 1988 will automatically result in redemption at a price (including premium and accrued interest) of U.S. \$1,080.00 for each U.S. \$1,000 principal amount of Bonds.

Payment of the redemption price will be made against the surrender of the Bonds with all unremitted Coupons appearing thereon at the Office of any one of the Paying Agents mentioned hereon.

THE SEIYU, LTD.
By: The Chase Manhattan Bank, N.A.
London, Principal Paying Agent
January 29, 1988

Freeport Indonesia in \$80m expansion plan

BY KENNETH GOODING, MINING CORRESPONDENT

FREEPORT INDONESIA, 85 per cent owned by the US natural resources group Freeport-McMoRan, has started a three-year, \$80m expansion programme to lift ore output at its copper mine by 4,000 tonnes a day to 20,000 tonnes.

The programme, financed from cash flow and a credit facility from a group of international banks, will lift copper production from 104,000 tonnes a year to 136,000 tonnes.

The investment should help FT to continue to reduce its break-even costs, down 6 per cent last year to 50 cents per lb of copper produced.

Cominco and Lozans Mining Corporation, say that the Highmont mine and mill will be re-opened to form part of their Highland Valley Copper project in British Columbia.

The effect will be to increase the daily mining rate from 120,000 tonnes to 131,000 tonnes for annual production of about 181,000 tonnes of copper.

Since Gold and Homestake Mining are to go ahead with a \$32.4m gold mining venture at Jerridale, the mine and mill are to be designed for production and treatment of 150,000 tonnes of ore a year, yielding an annual average of 42,000 troy ounces of gold. Production is to start in June 1989.

Mabon Nugent
1892

We are pleased to announce the following appointments in our firm

General Partners
Mark A. Kurland and David S. Wade*

Special Limited Partners
Leslie E. Dyer* and Glen F. Hands*

Mabon, Nugent & Co.
115 Broadway
New York, NY 10006
212/732-2820
January, 1988 *London

Wells Fargo International Financing Corporation N.V.
U.S. \$50,000,000
Guaranteed Floating Rate Subordinated Notes due 1996

In accordance with the provisions of the Notes, notice is hereby given that for the interest sub-period 29th January, 1988 to 29th February, 1988 the Notes will carry an interest rate of 7 1/4% per annum. The interest accrued for the above period and payable on 29th April, 1988 will be US\$61.89.

Agent Bank:
Morgan Guaranty Trust Company of New York, London

Wells Fargo & Company
U.S. \$150,000,000
Floating Rate Subordinated Notes due 1992

In accordance with the provisions of the Notes, notice is hereby given that for the interest period 29th January, 1988 to 29th February, 1988 the Notes will carry an interest rate of 7 1/4% per annum. Interest payable on the relevant interest payment date 29th February, 1988 will amount to US\$60.60 per US\$10,000 Note.

Agent Bank:
Morgan Guaranty Trust Company of New York, London

This announcement appears as a matter of record only. January, 1988

GKN plc
DM 110,000,000

Issue of preference capital in

Guest, Keen and Nettelfolds (Deutschland) GmbH utilised to increase its stake in

UNI-CARDAN AG

We advised GKN on this financing and subscribed for the new preference capital.

COMMERZBANK
AGTIENGESELLSCHAFT

This announcement appears as a matter of record only.

EVERED HOLDINGS PLC
£75,000,000
COMMITTED REVOLVING CREDIT FACILITY

Arranged by
BARCLAYS de ZOEETE WEDD

Provided by
Barclays Bank PLC
Lloyds Bank Plc
Grindlays Bank p.l.c.

National Westminster Bank Group
Midland Bank plc

December, 1987

INTERNATIONAL CAPITAL MARKETS

Rule change angers French banks

By GEORGE GRAHAM IN PARIS

FRENCH BANKS are up in arms about the introduction of new accounting rules which could seriously reduce their reported profits for 1987. The French banks' association has asked the Commission Bancaire, the official regulator, to think again on the rules, which threaten particularly the smaller banques de treasuries, which specialise in financial market and treasury operations.

Loan facility for Norwegian oil group

By Karen Fosell in Oslo

THE NORWEGIAN Oil Consortium signed in Oslo yesterday a \$130m project loan facility with a group of 10 international banks jointly led by Christiania, Norway's second largest bank, and J.P. Morgan.

Ohio, Kentucky banks merge

By OUR FINANCIAL STAFF

NATIONAL CITY, the Ohio-based bank holding company, is to acquire First Kentucky National, the Louisville-based banking group whose main subsidiary is Kentucky's second biggest bank, for stock worth about \$660m.

Under the agreement, each share of First Kentucky National common stock would be exchanged for 0.8825 of a share of National City Corp common stock. Based on National City's closing stock price of \$32.63 on January 26, the transaction has a value of \$28.75 per First Kentucky share.

Following the merger, the combined companies will operate in the three neighbouring states of Ohio, Kentucky and Indiana. National City said the short-term dilutive effects of the merger will be less than 9 per cent. The company said it is confident it can recover the 1988 dilution within 36 months.

MoF may alter terms of next NTT offer

By Ian Rodger in Tokyo

THE JAPANESE Ministry of Finance (MoF) is considering, among other measures, reducing the number of shares in the next public offering of equity in Nippon Telegraph and Telephone (NTT), the Japanese telecommunications giant.

Two tranches of 1.95m NTT shares were issued last year, the second offering at \$2.58m per share in November which valued the total company at Y29.5bn (\$313bn).

Since then, the shares have tumbled, reaching Y2.05m early this month. They closed yesterday at Y2.28m, up a hefty Y180,000 following reports of the MoF's thinking. However, the price is still nearly 200 per cent below the offering price for the current year to March 31 1988.

MoF officials fear that further issues of NTT shares - another 1.95m tranches is planned for later in 1988 - will depress the price. They emphasised, however, that the main purpose of the issues was to transfer the shares to the private sector, not to raise money so it was very unlikely that they would decide to reduce the number of shares.

Further Eurodollar deals meet respectable demand

By CLARE PEARSON

THREE MORE Eurodollar straight bond deals were brought to the market yesterday, bringing total issuance this week to \$1.2bn, as US Treasury bonds continued to rally in the wake of Wednesday's encouraging US gross national product figures.

Yesterday's bonds were all for borrowers in the financial sector and so were expected to have less appeal than earlier issues for sovereigns and Scandinavian state-backed borrowers.

INTERNATIONAL BONDS

STERLING issue for BNP. BANQUE NATIONALE de Paris borrowed \$75m in the Eurodollar market yesterday as UK government bonds were buoyed by the US Treasury market's strength.

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Rich in Sun work station deal

By ALAN CANE

RICH OF Chicago, a leading supplier of dialing-room systems owned by Reuters of the UK, has concluded an agreement giving it access to the most powerful desk-top computing technology available.

It has signed an agreement with Sun Microsystems of Mountain View, California, which will allow Rich customers to specify Sun's high performance work stations for use with Rich's well regarded trading information architecture.

Securities traders today, especially in the US, use a sophisticated range of computer-based analytical tools to help their trading performance. These can be best run on high performance work stations like the Sun-3 and Sun-4 machines, which process 10m instructions a second.

Uniroyal Chemical up for sale

By Our Financial Staff

EVERY THE former US coal company which bought Uniroyal Chemical in October 1985 for \$710m, is to sell the unit because of its inability to turn it into a significant force in the world speciality chemical industry.

The company said it had planned to use the Uniroyal acquisition as a foundation to build a multi-national company through the acquisition of other speciality chemical companies. But a number of problems, including a weakening dollar and continuing multiple of companies in the speciality chemical industry, had hampered Every's search for acquisitions at acceptable prices.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Table containing financial data for various international bonds, including columns for issue name, amount, interest rate, and other details. It is divided into sections like US DOLLARS, EURO DOLLARS, SWISS FRANS, and CONVERTIBLES.

ASDA-MFI GROUP PLC

(A company registered with limited liability in England No. 1396513) £100,000,000 9 5/8 per cent. Bonds due 2002

NOTICE IS HEREBY GIVEN that a Meeting of the holders (the "Bondholders") of the £100,000,000 9 5/8 per cent. Bonds due 2002 (the "Bonds") of ASDA-MFI GROUP PLC (the "Company") will be held at Morgan Grenfell & Co. Limited, 20 Finsbury Circus, London EC2M 2AX on Thursday, 25th February, 1988 at 11 a.m.

EXTRAORDINARY RESOLUTION
"THAT this Meeting of the holders of the outstanding £100,000,000 9 5/8 per cent. Bonds due 2002 (the "Bonds") of ASDA-MFI GROUP PLC (the "Company") constituted by a Trust Deed dated 15th May, 1986 made between the Company and The Law Debenture Trust Corporation Plc. (the "Trustee") as trustee for the holders of the Bonds (the "Bondholders") hereby:

UK COMPANY NEWS

Rank's £208m beats forecasts

BY ANDREW HILL

Rank Organisation, leisure and entertainment group, yesterday announced pre-tax profits of £208.3m...

and television services made £18.3m (£12.3m) and catering £16.5m (£12.1m) and leisure developments £8.9m (£4.5m).



Michael Gifford, Rank's chief executive.

comment

This is the fourth year in succession that Mr Michael Gifford, Rank's chief executive, has been able to announce pre-tax profits and earnings per share up more than 20 per cent.

shares on a prospective multiple of about 9 look undervalued, even at yesterday's healthier price.

Lonrho 21% ahead and seeks own shares

By Clay Harris

Lonrho, international trading group, yesterday reported a 21 per cent advance in pre-tax profits to £206.2m in the year to September 30 1987...

Dee forecasts 4% fall in profits to £185m

BY NIKKI TAIT

Dee Corporation, grocery group, yesterday forecast pre-tax profits of about £185m for the year to end-April, four per cent lower than the previous 12 months.

after a fall in half-time profits from £78.2m to £63.5m before tax. The full-year tax charge was estimated to rise from £36.7m to £52m, with earnings per share falling from 17.7p to about 16p.

Peachey makes £58.5m bid for EPIC

BY PAUL CHEESEBRIGHT, PROPERTY CORRESPONDENT

Peachey Property yesterday launched the second significant takeover bid in the property sector since the stock market collapse when it made a £55.5m cash bid for Estates Property Investment Company.

swapped with Phoenix Assurance gained control of 25 per cent of EPIC's equity in a deal valuing EPIC shares at the same price of 240p.

EPIC noted on both January 17 and on January 20, when it announced pre-tax profits for the half year to October 31 of £2.04m, that it had received more than one bid approach.

TIP Europe to join market next month

By Philip Coggan

TIP Europe, the trailer rental company which abandoned its plans for flotation in the wake of October's crash, now plans to join the market next month.

Argyle Trust profits jump and £3m placing

Argyle Trust yesterday reported a 67 per cent jump to £1.1m in 1987 profits and at the same time announced a £3m placing to permit the further expansion of its secured lending activities.

RHM well ahead after four months

Ranks Hovis McDougall, the bakeries and food group in which Australasian company Goodman Fielder Wattie holds a near-30 per cent stake, yesterday told shareholders that results in the first four months of the current year were 'well ahead' of last time.

Unilever lifts offer for Bushells

Unilever, the Anglo-Dutch consumer products group, yesterday said it had raised its takeover offer for Bushells Holdings, the Australian tea and coffee distributor, to value the business at £187m in its initial bid.

Investment benefits help Everards to £1.37m

Everards Brewery yesterday reported a 6.5 per cent rise in taxable profits from £1.23m to £1.37m for the year ended September 26 1987, on turnover up 6 per cent from £19.29m to £20.46m.

Warner Estate advances 14%

Warner Estate Holdings raised pre-tax profits by 14 per cent from £3.88m to £4.43m in the year to end September 1987. Turnover for this property investment rose 15 per cent to £12.64m.

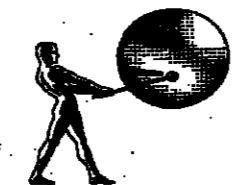
Table with 5 columns: Company Name, Current payment, Date of payment, Corres. of pending div, Total for year, Total last year. Includes Argyle Trust, Assoc Fisheries, Border TV, etc.

The Rank Organisation 1987 Results

Table showing Rank Organisation 1987 Results: Profit before tax £208.3m (+27%), Earnings per share 58.2p (+28%), Ordinary dividend 21.75p (+21%).

The audited profit and loss account for the year ended 31st October 1987 is an extract from the Report & Accounts which will be filed with the Registrar of Companies upon which the notices have given an unqualified report.

Another year of progress



The 1987 Report & Accounts will be posted to shareholders on 18th February 1988. Copies may be obtained from the Secretary, The Rank Organisation PLC, 6 Cornmarket Place, London W3 2EZ.

Newsprint investments in the UK, however, resulted in extraordinary charges. Lonrho reported a £4.2m loss on the disposal of its majority interest in News (UK), former publisher of Today.

There was also a large, but unspecified charge relating to the closure of the printing operation at the Observer. Along with other closure costs, these charges reduced the £71.1m extraordinary profit on the sale of the Metropole Casino Group to a net £43.6m credit (£12.4m charge in 1985).

Tax of £83m (£71.4m) reflected a decline in the effective rate from 45.4 per cent to 41.4 per cent. Minority interests fell to £13m (£16.9m).

Earnings per share were 39.1p (£3.3p adjusted). Fully diluted earnings rose to 27.5p (£1.7p).

A final dividend of 8p (7p) will bring the total to 15p (£1.01p adjusted). In line with its practice, Lonrho will simultaneously pay an unchanged first interim dividend of 1p. The scrip issue takes effect afterwards.

WILDING PROFITS UP 60%

Wilding Office Equipment PLC - the office equipment retailer - has announced outstanding final results for 1987, its first financial year since obtaining a Stock Exchange listing in December 1986.

Table showing Wilding Office Equipment PLC results for 1987: Turnover 30,849, Profit before tax 2,021, Earnings per share 11.7p.

Final dividend payment of 1.95p per share gives 3.25p per share for the year - as forecast at the time of flotation.

Growth has continued in all the Company's activities. Six more shops opened - two more to open before March 1988. Wilding now has 49 shops plus seven in-store concessions.



531-535 High Road Ilford Essex IG1 1TZ Telephone: 01-514 1525 Telex: 264371 WILDING G Fax: 01-478 0436

CAISSE NATIONALE DE CREDIT AGRICOLE

Table showing Caisse Nationale de Credit Agricole assets and liabilities by currency and instrument type.

NOTICE TO NOTEHOLDERS AND BONDHOLDERS. Noteholders and bondholders are advised that: 1) A law No. 85-50 dated January 18, 1985 provides for the change of the legal status of Caisse Nationale de Credit Agricole (C.N.C.A.) from that of a Public Institution to that of a corporation.

UK COMPANY NEWS

Ivory & Sime reconstruction package

BY NIKKI TAIT

Ivory & Sime - the Scottish management company which runs Britain's third largest investment trust stable - yesterday unveiled an innovative reconstruction scheme involving three separate investment trusts, together covering £300m-worth of assets.

The reconstruction package will give private investors their first opportunity to put money into a fund where the yield and capital return move directly in line with the FT-A All-Share.

The three trusts involved are Atlantic Assets Trust, with net assets of about £134m; Edinburgh American Assets Trust, worth some £100m; and Japan Assets Trust, at £72m.

Under the scheme, shareholders in all three trusts will be offered a three-way option.

First, they can switch into a new investment trust, to be called Selective Assets Trust. The fund will have a two-tier structure, comprising ordinary shares (speaking for 60 per cent of the assets at the outset) and "index" loan stock (40 per cent). The index stock will have a 25-year life and its redemption value in the year 2013 will reflect precisely the rise in the FT-A All-Share Index over that period. In the meantime, the interest on the index stock will be calculated by direct reference to the gross yield on the All-Share.

The ordinary shares, meanwhile, will enjoy any outperformance which the managers achieve over the All-Share; their underlying asset value will be the asset value of the new trust minus the appropriate provision for capital entitlement due to the index stockholders.

Secondly, shareholders can switch into a new open-ended umbrella fund offering a range of investment options - in total, 15 sub-funds. The company, to be called Ivory & Sime Atlas Fund, will be incorporated in Luxembourg and listed on both the London and Luxembourg stock exchanges. Because the fund is open-ended, the

shareholders will be able to combine their elections subject to certain minimum "package" sizes being achieved.

The Ivory & Sime scheme is a variant in a string of reconstruction trust reconstructions recently, and is beaten in size only by the Scottish National reorganisation last autumn.

Shareholders will be able to combine their elections subject to certain minimum "package" sizes being achieved.

option of switching to Nippon Assets Investments, a Luxembourg-based closed end company. In addition, this option will require shareholders to take some Atlas shares - in respect of at least 10 per cent of the package.

Shareholders will be able to combine their elections subject to certain minimum "package" sizes being achieved.

See Lex

Caledonia acquires 25% of ESI

By Clay Harris

Caledonia Investments, the investment group controlled by the Cayzer family, has bought a 25 per cent stake in English & Scottish Investors and emphasised its support for moves to retain the company's status as an investment trust.

Caledonia, until last year the dominant minority shareholder in British & Commonwealth Holdings, bought 25.4 per cent of ESI's ordinary shares from the Water Authorities Superannuation Fund. This will give Caledonia 24.8 per cent of the voting rights.

The price of the transaction was not disclosed, but was close to market price. Compared with net asset value of 120p, ESI's ordinary shares yesterday lost 5p to 101p and the B shares 4p to 102p. ESI has a market value of about £81.5m.

Atlantic Resources

Atlantic Resources has acquired AB Exploration, a wholly-owned subsidiary of Associated British Foods, for £3.5m in cash.

Flavell makes £4.8m bid for Waverley Cameron

BY CLAY HARRIS

THE BATTLE for Waverley Cameron took a dramatic new turn last night when Mr Kevin Doyle's Flavell Communications launched a 500p cash bid which values the Scottish stationery manufacturer at £4.8m.

The bid, announced after Waverley Cameron shares had closed unchanged at 443p, will intensify the fight between Flavell and Sanda Investments, the company controlled by Mr James Gulliver, Argyll Group chairman, to which the Waverley Cameron board proposes to issue a controlling stake at 120p a share, a plan opposed by Mr Doyle.

Earlier yesterday, Flavell raised its stake to 25.6 per cent. The Waverley Cameron board is to meet today.

Mr Doyle said last night that he wanted to build up Waverley Cameron with complementary acquisitions. None of his private interests would be reversed into the listed company.

Under the plan, which depends on Waverley Cameron shareholders rejecting the Sanda plan on February 17, Mr Doyle would become managing director, with his long-time colleague Mr Alister Cunningham as the other executive director.

Sir Monty Finniston, former chairman of British Steel, would be non-executive chairman.

Flavell is advised by British Lazenby Bank, Waverley Cameron by Bell Lawrie, and Sanda by Mr Gulliver's co-investor, Noble Grossart.

Wintrust lifts profits by 14%

Wintrust, which is principally involved in merchant banking, announced a 14 per cent rise in pre-tax profits to £2.08m for the six months ended September 30 1987.

Earnings moved ahead by 18 per cent to 15.7p per 20p

share, and the interim dividend is lifted to 2.25p (2p).

Mr Richard D. Spiro, managing director, said the group's strength had not been undermined by the lack of confidence in financial markets since the October crash.

Share Drug Stores talks with potential bidders

BY MAGGIE URRY

Share Drug Stores, the 145-strong chain of drug stores in the USM, said yesterday that discussions were in progress which could lead to an offer for the company. The shares rose 85p to 290p on the announcement, valuing the company at £30.5m. On the earnings reported for the year to end August 1987 the p/e ratio is 20.4.

Mr Paul Brearley, finance director, would not disclose the potential bidders yesterday but said that more than one party was involved and the talks were still at an early stage. He said that discussions might take a few weeks to complete.

Any offer would have to gain the acceptance of Mr Alan Prince, chairman and managing director, and Mrs Sylvia Prince,

a non-executive director, who together hold 66.3 per cent of the shares.

Although the company is pleased with current trading and Share Drug has sufficient resources to expand, Mr Brearley said that there could be greater opportunities to grow as part of another company.

The move follows the agreed offer from Woolworth Holdings for Tip Top Drugstores last week. The 110p a share offer valued Tip Top, which has 110 shops, at £18m. Share Drug's statement was seen yesterday by analysts as another example of the turmoil within the drug store sector.

These stores, selling a range of over-the-counter medicines, toiletries, beauty aids and household items usually at discounted prices, have been expanding rapidly in recent years. Share Drug's arrival on the USM in October 1984, through a placing at 140p, followed Superdrug's flotation in 1983.

Woolworth and other possible buyers would not comment yesterday on whether they were talking to Share Drug.

Telfos stake

Industrial Securities, the Australian investment company, has sold its 29.9 per cent stake in Telfos, the engineering group. The shares have been placed with clients of Fiske & Co and Douglas le Mare. On news of yesterday's sale, the shares fell 3p to 119p.

Birmid in attack on 'stagnant' Blue Circle

By Michael Smith

THE GLOVES came off yesterday in the battle for control of Birmid Qualeast when the lawnmower, boiler and cooler group launched a fierce attack on its predecessor's record and motives.

Birmid described Blue Circle, which has launched a £275m hostile takeover bid for it, as a "stagnant cement company in search of a destiny. It appears to be lacking at best and to have questionable prospects."

In a letter to shareholders Birmid also described Armitage Shanks, Blue Circle's chairman, as "an excellent future and Armitage had been highly successful."

Yesterday's interchange marked the first time that either company had criticised publicly the strategy of the other.

Blue Circle yesterday increased its stake in Birmid to 90.9 per cent. Passing the 90 per cent mark is significant, unless Blue Circle had done so by Saturday it would have been prevented, under Takeover Code rules, from buying more shares in the market. Sources close to the company said it was unlikely now to buy more shares alternative to its offer.

In yesterday's document, entitled "Birmid Qualeast and Blue Circle: Nothing Fits", Birmid depicts an attempt to fit a rectangular object with a Birmid logo on the side, into a blue circle.

Birmid says that operating profits at Armitage have fallen each year since 1984 and that overseas operations have been reduced. "Blue Circle's so-called financial and international strengths do not appear to have benefited Armitage."

Birmid says its promoter's motives for the bid are "purely defensive" and an attempt to diversify away from its "difficulties in cement."

Armitage's performance has been held back in respect of its US operation. Mr Poole said Armitage's UK profits had improved 20 per cent compound each year since Blue Circle had bought it. "We are talking about Armitage Shanks UK combining with Birmid Qualeast UK. Overseas performance has nothing to do with it."

Mr Poole said Blue Circle had transformed the prospects of its UK cement business since leading the break-up of a market cartel last year. "It has dramatically improved efficiency

Britoil bolsters BP defence with £404m profits forecast

BY STEVEN BUTLER

Britoil, the independent oil company, yesterday bolstered its defence against an unwelcome takeover bid from BP by issuing a 1987 pre-tax profit forecast of £404m, up from £134m in 1986. A full dividend for the year was forecast at 12p per share.

Mr David Walker, chief executive, said discussions were proceeding with one other company that could be in a position to launch a counterbid for the group. The improved BP bid, at 500p per share, still undervalued the company, he said.

BP holds nearly 80 per cent of Britoil shares, and is set to acquire 24 per cent from Atlantic Richfield. The US group says it intends to accept the BP offer, although it has indicated that it would accept a higher offer if one materialised.

The Britoil management expressed considerable frustration at the Treasury's refusal to be more specific about how it would use its special share in the company should BP acquire a majority, as seems likely.

Mr Walker said: "We are disappointed (at the Treasury's stance) because it is important in advising our shareholders to know how the Government will act."

The Government technically acquired control over Britoil at the launch of the BP bid, and has not said concretely how it would use the share to preserve Britoil's independence, which it has vowed to do. The Treasury

says only that it will discuss its position in the event that a majority holding in Britoil is actually acquired, or is certain to be acquired.

Mr Larry Tindale, acting group chairman, said: "We get the worst of possible worlds out of the golden share now."

Britoil believes the existence of the special share had depressed its share price prior to the BP bid and was discouraging possible rival bids for the company that would give shareholders more value.

"There appears to be only one company that is voluntarily willing to take on the British Government," said Mr Walker. Britoil appeared to be hoping that the Government would issue assurances that BP would not be allowed to influence the Britoil board should it fail to gain control of 100 per cent of the company's shares. One company official suggested that even a cancellation of the special share might help shareholders, since it would encourage rival bids.

A valuation of Britoil prepared by Robertson ERG, the independent consultant, which valued the shares at 680p each was defended by Mr Walker. The valuation had been criticised for over-optimistic assumptions on oil prices and a starting exchange rate.

Mr Walker said the figures used were conservative compared to those used by oil experts and bankers.

Thomas Jourdan acquisition

Thomas Jourdan, diverse manufacturing and marketing company, yesterday announced the proposed £5.75m acquisition of Uermerman Holdings, a manufacturer of handbags, and a series of transactions to eliminate its cross-holdings with Mary Quant Holdings, fashion products design group.

Jourdan also revealed that trading results for 1987 had been adversely affected by increasing component supply problems at its Suncrest Surrounds subsidiary. Pros-

pects for 1988 were said to be good.

Jourdan is buying Uermerman from Macpherson through the issue of 2.99m shares and will provide £1.66m and issue a further 324,000 shares to repay an inter-company debt. It will also buy Uermerman's main premises for £1.3m cash. Macpherson will be left with about 21 per cent of Jourdan's shares.

Agreement has also been reached for the sale of Mary Quant Limited to the company's fashion designer, and Mr Ian Lyle, its managing director.

GALLAHER

1987 pre-tax profits up 44%

Record sales and record profits were again achieved in 1987. The very good profit performance was due to excellent results from the tobacco sector and sound growth from optics, distribution and office products. Total non-tobacco activities were, however, reduced

by disposals in engineering and housewares. Trading profits at £181.4 million were up 18%;

profits before tax rose by over 44% to £169.7 million as a result of lower interest costs and the absence of factory closure provisions which affected 1986.

Summary of Results for year ended 31st December 1987 (unaudited)

	1987 £ million	1986 £ million	
Group Turnover	3,886.7	3,404.7	+14%
Group Trading Profit	181.4	153.3	+18%
Interest Charges	(11.7)	(14.0)	-16%
Group Profit before Taxation	169.7	117.4	+44%

Tobacco

Trading profits increased 29%

Although the consumption of cigarettes in the UK continued to decline, excellent market share growth produced a strong volume gain for Gallaher. Sales of cheap, marginally costed imports were stemmed by the absence of a duty increase.

Cigar sales volume, led by Hamlet, was up and pipe tobaccos achieved a higher share of a rather depressed market.

Overseas tobacco companies had mixed fortunes with Gallaher Dublin well ahead, but Rimeeser, affected by lower demand for Dutch cigars and Niemeier being held back by price cutting in West Germany.

Optics

Trading profits increased 24%

In the face of increasing and aggressive competition in the UK, Dollard & Aitchison considerably strengthened its position as the most successful retail Optical Group. The new "Eyeland House" Optical Department Stores continued their development, and the expanded Optical Instrument Division showed good growth.

Overseas, record results were achieved in both Italy and Spain and good progress was made in Switzerland and Ireland.

Since the end of D & A's financial year, three optical groups have been acquired, which complement the existing operations.

Distribution

Trading profits increased 17%

Record results were achieved by T.M. Group whose drinks vending side has developed particularly successfully. Forbuys, a leading newspaper and tobaccoist group, had the benefits of a full year contribution from N.S.S., acquired during 1986. Together they are the second largest chain of its kind and profits were well ahead.

Office Products

Trading profits increased 32%

Olixex Group had a record year with all the UK manufacturing operations contributing. Results from Marbig in Australia, acquired during the year, were well ahead of expectations.

Housewares

Comparisons with 1986 are distorted by the disposal of the profitable South African and Swedish companies. Adverse exchange rates and UK production problems also affected results. Following top management changes a recovery in profits is in prospect.

Engineering

Comparisons are again distorted by disposals. Saunders Valve, FIP and two specialist pump companies were sold during the year. Results from the remaining companies in the Mono Pumps Group were satisfactory.

Outlook for 1988

During 1987, the Group took steps to concentrate its portfolio of operations by strengthening its core divisions and disposing of peripheral activities. It enters the new year confident that results will continue their strong upward momentum.

S. G. CAMERON, CHAIRMAN

Gallaher Limited, Members Hill, Brooklands Road, Weybridge, Surrey KT13 0QU
Tel: 0932 859777. Telex: 25505.

U.S.\$35,000,000 SERIES 24

TELEFONOS DE MEXICO, S.A.

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Note Purchase Facility

Notice is hereby given that the above Series of Notes issued under a Note Purchase Facility Agreement dated 5th May, 1982, carry an interest rate of 7 1/8% per annum. The Maturity Date of the above Series of Notes will be 29th July, 1988.

29th January, 1988

Samuel Montagu & Co. Limited

Issue Agent



£50,000,000

Revolving Standby Facility

Arranged by
Crédit Lyonnais

Lenders

The Mitsui Bank, Limited
CL-Alexanders Discount p.l.c.
CIC-Union Européenne, International Et Cie
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The Fuji Bank, Ltd
The Mitsubishi Bank, Ltd
The Sumitomo Bank, Ltd
The Taiyo Kobe Bank, Limited
Union Discount Company Ltd
Banque Internationale à Luxembourg S.A.

Agent

Crédit Lyonnais

كلدا من الاصل

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re
**TEXACO INC.,
TEXACO CAPITAL INC.,
TEXACO CAPITAL N.V.,**
Debtors.

Jointly Administered
Chapter 11 Case No.
87 R 201 (2/11/88)
87 R 201 (1/11/88)
87 R 201 (1/11/88)

**NOTICE OF BAR DATE FOR THE
FILING OF PROOFS OF CLAIM**

**TO ALL CREDITORS, INDENTURE TRUSTEES, FISCAL AGENTS AND
PARTIES IN INTEREST:**

NOTICE IS HEREBY GIVEN that, pursuant to an Order of the Court (the "Bar Order"), and in accordance with Bankruptcy Rule 1001(c), March 15, 1988 is fixed as the last day (the "Bar Date") by which certain creditors of the above-named Debtors who have not already filed proofs of claim against any of the Debtors must file with the Court proofs of claim against any of the Debtors.

2. EXCEPT AS PROVIDED IN PARAGRAPH 3" HEREOF, ANY CLAIM AGAINST THE ABOVE-NAMED DEBTORS THAT IS NOT FILED IN ACCORDANCE WITH THE BAR ORDER ON OR BEFORE MARCH 15, 1988, SHALL BE FOREVER BARRED AND THE DEBTORS AND THEIR ESTATES SHALL BE FOREVER DISCHARGED FROM ANY AND ALL INDEBTEDNESS OR LIABILITY TO THE HOLDER OF THE CLAIM. HOLDERS OF SUCH BARRED CLAIMS SHALL BE FORECLOSED FROM PARTICIPATING IN ANY DISTRIBUTION IN THESE CHAPTER 11 CASES.

3. THE FOLLOWING CREDITORS NEED NOT FILE PROOFS OF CLAIM AT THIS TIME: (A) Pennsill Company; (B) any holder of a promissory note or a debenture issued or guaranteed by any of the Debtors; (C) the United States Department of Energy with respect to any claims arising under the Economic Stabilization Act of 1970, as amended, Title 12, United States Code, Section 1901a et seq., and the Emergency Petroleum Allocation Act of 1973, Title 15, United States Code, Section 754(a) et seq.; (D) the rules and regulations of the United States Department of Energy or any related legislation, rules or regulations; (E) any creditor whose claim is listed in the schedules of the Debtors filed with this Court on or about September 8, 1987 (or any amendments to such schedules) (the "Schedules"), and whose claim is not listed in the schedules as "contingent," "unliquidated" or "disputed" and who does not dispute the listed amount of its claim; (F) any holder of an administrative expense under section 503(b) of the Bankruptcy Code entitled to priority under section 507(a)(1) of the Bankruptcy Code; (G) any governmental unit, including, without limitation, the United States of America and any state or local taxing authority, holding a claim for taxes entitled to priority under section 507(a)(7) of the Bankruptcy Code and (G) any governmental unit, including, without limitation, any federal, state or local agency, with respect to a claim relating to the enforcement of environmental protection laws and regulations in accordance with the following or similar statutes: (i) Clean Air Act, 42 U.S.C. § 7401 et seq.; (ii) Water Pollution Control Act, 33 U.S.C. § 1251 et seq.; (iii) Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq.; (iv) Toxic Substances Control Act, 15 U.S.C. § 2601 et seq.; (v) Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq.; (vi) Safe Drinking Water Act, 42 U.S.C. § 300f et seq.; (vii) Surface Mining Control and Reclamation Act, 30 U.S.C. § 1201 et seq.; (viii) Marine Protection Research and Sanctuaries Act, 33 U.S.C. § 1401 et seq.; (ix) River and Harbor Act, 33 U.S.C. § 3401 et seq.; (x) Deepwater Port Act, 33 U.S.C. § 1501 et seq.; (xi) Uranium Mill Tailings Radiation Control Act, 42 U.S.C. § 59201 et seq.; (xii) Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. § 136 et seq.; (xiii) Mineral Lands Leasing Act, 30 U.S.C. § 181 et seq.

4. Any creditor whose claim is not included in paragraph 3" hereof must, in order to participate in any distribution in these chapter 11 cases, file a proof of claim with the Clerk of the Bankruptcy Court, Room 10, United States Courthouse, 101 East Post Road, White Plains, New York, during regular court hours.

5. ANY CREDITOR WHO HAS ALREADY FILED A PROOF OF CLAIM NEED NOT FILE A DUPLICATE PROOF OF CLAIM.

6. In the event the Debtors amend their Schedules subsequent to the date of this notice to reduce or reclassify as "contingent," "unliquidated" or "disputed," any claim(s), the Debtors shall give notice of such amendment to the holders of the claims affected thereby, which holders shall be afforded an extension of 30 days from the date on which such notice is given to file a proof of claim, if necessary, or be forever barred from doing so.

7. EXCEPT AS PROVIDED IN PARAGRAPH 3" HEREOF, THE PROVISIONS OF THIS BAR ORDER APPLY TO ALL CLAIMS OF WHATEVER CHARACTER OR NATURE AGAINST THE DEBTORS OR THEIR PROPERTY, WHETHER SECURED OR UNSECURED, LIQUIDATED OR UNLIQUIDATED, FIXED OR CONTINGENT.

8. STOCKHOLDERS WHOSE ONLY CLAIM IS A CLAIM OF OWNERSHIP OF SHARES OF STOCK OF TEXACO INC. NEED NOT FILE PROOFS OF INTEREST AT THIS TIME.

9. The Debtors' Schedules of claims may be examined and inspected by interested parties in the office of the Bankruptcy Clerk, Room 10, the United States Courthouse, 101 East Post Road, White Plains, New York, during regular court hours.

BY ORDER OF THE COURT
/s/ Howard Schwartzberg
United States Bankruptcy Judge

Dated: White Plains, New York
January 26, 1988

UK COMPANY NEWS

Better margins give Dale a boost

BY MICHAEL SMITH

Dale Electric, the generator net manufacturer which last year fended off a hostile takeover bid from Sunleigh Electronics, yesterday reported an 80 per cent rise in interim pre-tax profits and growth of almost 50 per cent in earnings per share.

The company attributed the improvement to several factors including a reduction in working capital, improved trading, a recovery in Mexico and reduced borrowings.

For the half year to November 1, Dale made pre-tax profits of £861,000 (£479,000) on turnover of £19.5m (£19.7m). Earnings per share were 4.32p (2.93p) and the interim dividend is lifted to 1.75p (1.6p).

Mr Iain Dale, chief executive, said the same sort of growth was not expected in the second half because a large Middle East order had been delayed by two months. But the year as a whole would be "demonstrably higher than last year."

The improved margins - up from 2.4 per cent to 4.4 per cent - reflect the company's decision to be more selective about the orders it takes. "We are concentrating on profits rather than turnover," said Mr Chris Coole, finance director.

Margins were also helped by cutting £760,000 from the working capital, previously at £8m. Mr Coole said reductions would also be achieved in the second half.

Borrowings were further reduced by proceeds from divestments and interest fell from £674,000 to £600,000. Gearing is about 50 per cent.

Mexico showed a "reasonable turnaround" from last year, when it made losses, but Mr Dale said he expected next year to be less good. Thailand was just below break-even but "should move into profit in the early part of next year."

An extraordinary charge of £116,000 was the cost of defending against the Sunleigh

bid minus a surplus on the sale of a subsidiary.

Comment

Dale yesterday justified the market's support for it against Sunleigh and the company promised more. Order books are up from £17m last year to about £19.5m and the quality of contracts, both geographically and technically, is improving. Margins will grow further as the company feels the benefit of transferring production from Leeds to a better equipped factory at Tiley, of rationalising staff in France and of introducing a centralised procurement policy. If Dale makes £1.6m this year the shares are on a p/e of about 11.5. The downside is limited by recurrent bid hopes and a 6.5 per cent yield but there seems little scope for immediate growth. The real fun could come next year when optimists are looking for £2.5m-plus. That, however, is putting a lot of faith in a company which has consider-



Iain Dale - year would be "demonstrably" higher.

Tobacco boosts Gallaher to £170m

A SHARPLY higher contribution from its tobacco interests enabled Gallaher to boost its profits from £117.4m to a record £169.7m pre-tax for the 1987 year.

The overall result also benefited from the absence of exceptional provisions, which adversely affected profits of the previous year, and sound growth from optics, distribution (which took in a full year's take from NBS Newsagents, acquired in the second half of 1986), and office products.

The results of Gallaher's other activities were distorted by disposals.

Group turnover for 1987 rose by \$482m to \$3,877m, excluding VAT, and at the trading level profits showed an improvement of \$28.1m to \$181.4m.

A divisional breakdown of the trading figures shows tobacco £158.9m (£107.9m), optics £13.7m (£11m), distribution £14.6m (£12.5m), office products £7.8m (£5.9m), housewares £1.7m (£4.4m) and engineering \$4m (£10.3m).

Explaining the advance by the tobacco side the directors said that although consumption of cigarettes in the UK is continuing to decline, excellent market share growth produced a strong volume gain for Gallaher.

Gallaher is ultimately owned by American Brands of the US.

Associated Fisheries 38% higher

For the year to end-September 1987 Associated Fisheries raised pre-tax profits by 38 per cent to £5.6m. Turnover grew by \$6.3m to £108.53m.

An increased final dividend of 4p (3.5p) raises the total by 25 per cent to 5p.

A tax credit of £1.41m (£980,000 debit), included £3m released from the deferred provision. Earnings per share were 40.42p (17.59p). There was an extraordinary credit of £951,000 (£58,000).

Globe Inv. profits advance

Globe Investment Trust expects to be quoted on the Tokyo Stock Exchange in early February and has plans to issue a convertible debt security especially designed for the Japanese market.

In the nine months to the end of December, Globe, Britain's biggest investment trust, increased attributable profits by 11.6 per cent from £16.1m to £17.96m.

Earnings per share (fully diluted) rose from 3.07p to 3.4p and to 3.42p (3.09p) basic. Net asset value (fully diluted) stood at 161.7p on December 31, a decrease of 15.8 per cent from

192.02p at the end of the financial year on March 31 last, and was 164.18p against 196.64p basic.

An interim dividend of 1.52p (1.38p) was paid on January 6.

Mr David Hardy, chairman, said there was still much financial uncertainty both in currencies and shares following the fall in markets last October. Therefore Globe would be cautious about the timing of the reinvestment of its available cash although the difficult conditions had already produced a number of attractive opportunities.

Mr Hardy said the expected quotation on the Tokyo Stock Exchange came after detailed submission to the exchange and the Japanese Ministry of Finance. Prior to the issue of the convertible debt security Globe hoped to attract many more shareholders and accordingly further reduce the discount of the price of its shares against the asset value.

Over the nine-month period group income increased to \$34.38m (£23.2m) and pre-tax revenue to \$28.4m (£23.19m). Net revenue amounted to £18m (£16.16m).

Haynes Publishing well ahead at six months

Haynes Publishing Group doubled pre-tax profits from £732,000 to £1.45m for the six months to end-November 1987 and the group expects to keep up product and market share growth in the second half.

Turnover for the group, whose main business is car and motor cycle manual publishing, rose from £5.81m to £6.83m and earnings per 20p share increased 94 per cent to 18.24p after tax of £538,000 (£261,000). As forecast, the interim dividend goes up 40 per cent to 7p.

The fall in the previous interim period to £732,000 pre-tax was due to the writing off of investment costs. A recovery in the second half resulted in year-end pre-tax profits of £1.38m (£1.56m) and earnings of 23p (18p).

Reviewing the latest results, Mr John Haynes, chairman,

said that following the price rise on its main UK product group, and leading on from the introduction in November 1987 of new titles (including second editions) the group's margins had been restored to the previous level. UK profitability was back to 20 per cent at £991,000 (£600,000) and investment was continuing in the most technologically advanced printing equipment available.

The US profits had surged to \$660,000 even though this result was in some extent diminished when converted into sterling at £383,000 (£30,000) because of the weakening dollar.

North American trading continued to improve and the benefits were expected to be sustained throughout the rest of the year. In the UK, plans for more warehousing and production facilities were well advanced.

Border TV up sharply

Border Television, USM-listed television programme contractor, reported strong growth with a 60 per cent increase in pre-tax profits for the half-year to October 31 1987. They rose from £252,000 to £404,000 on turnover up from £5.06m to £5.77m. The directors said that programme development had advanced ahead of £1.13m to £1.7p (1.55p).

Mr Sherlock said rationalisation and development work had produced more efficient businesses and potential for sales.

Earnings per share dropped from an adjusted 3.1p to 2.56p while the interim dividend increased to 0.66p (0.6p).

The directors warned that advertising market share continued to be under threat from Southern-based contractors, but that an increase of 8.5 per cent in advertising revenue over the first half of 1987 indicated advertisers' commitment to the Border area.

Park Food expects rise

For the current year the Park Food Group, supplier of Christmas hampers, is forecasting an increase in profit over the £2.62m achieved in the year ended March 31 1987.

Looking beyond that, fuller benefits should come from the costly rationalisation and development work carried out, said Mr Peter Sherlock, the chairman.

In the six months ended September 30 1987 the group incurred its traditional loss, but reduced it from £2.26m to £2.09m as turnover moved ahead to £15.75m (£9.73m). The interim dividend is 1.7p (1.55p).

Mr Sherlock said rationalisation and development work had produced more efficient businesses and potential for sales.

BTS static in first half

Profits were little changed at the BTS Group, USM-quoted vehicle parts maker, in the six months to end-September 1987. The taxable result edged ahead from £106,000 to £107,000 on turnover up 21 per cent from £4.12m to £4.96m.

After an unchanged tax charge of £5,000, earnings per share rose 0.02p to 1.36p. The interim dividend is maintained at 1.3p.

Mr A.E.C. Stote, chairman, said that as in previous years, a greater proportion of profits would fall in the second half. It was still too early to predict the outcome of the year.

After adjusting for sales attributable to the truck operation discontinued in March, sales for the half-year showed a 43 per cent rise.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Some meetings are usually held for the purpose of considering dividends. Official figures are not available as to whether the directors are interim or final and the actual dates should be based on last year's timetable.

Company	Future Dates
Avonport Brothers	Feb 2
Care-Tech Investments	Feb 3
First Scottish American	Feb 10
Trust	Feb 29
Playboy Club	Feb 29
United Newspapers	Mar 20

MITSUI FINANCE ASIA LIMITED
(Incorporated in the Cayman Islands)

US\$150,000,000
Guaranteed Floating-Rate Notes 1997

In accordance with the provisions of the Notes, notice is hereby given that for the three month period, 28th January, 1988 to but excluding 28th April, 1988 the Notes will carry an Interest Rate of 7 1/4% per annum. Coupon will be US\$186.42 on the Notes of US\$10,000.

Mitsui Finance Trust
International Limited
Agent Bank.



We didn't become the biggest by thinking small.

Globe Investment Trust has long held the belief that if you take a position, it should be a big one.

Taking a listing, in February, on the Tokyo Stock Exchange is just such a move.

As an alpha company, with a large and diverse portfolio, we have built up a base of 38,000 shareholders. They've gained a slice of the world's top listed and unlisted companies through their investment.

We hope to achieve the same success in Japan.

Judging by the high performance of our Quoted Far Eastern Portfolio, it's a market we already know very well.

ATTRIBUTABLE PROFITS FOR THE NINE MONTHS TO 31 DECEMBER 1987 **£18 MILLION**
NET ASSETS AT 31 DECEMBER 1987 **£862.4 MILLION**

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UK COMPANY NEWS

Emess in £30m US lamps deal

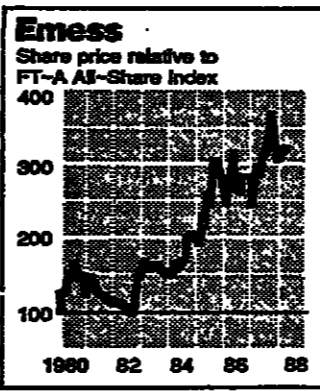
BY CLAY HARRIS

Emess, the lighting and electrical accessories group, is to pay up to \$54m (£30.3m) for Alay, a US manufacturer of table and standing lamps. The acquisition will be financed by a £25.2m issue of convertible preference shares.

The takeover will give Emess its first US manufacturing capacity as well as a strong retail distribution network. Emess expects to feed its designs and finished products from itself and West German associate Brillantlichter, and to adapt Alay's manufacturing technology for European use.

Impact was worsened because the buy-out coincided with a flood of imports into the US - resulting in pressure on prices - as the dollar hit its peak. In 1986, operating profits of \$4.4m were less than half the 1985 figure, and turnover was 3 per cent lower at \$60.8m.

With the dollar weakening, Alay had already begun to show an improvement in 1987. The debt burden restricted capital investment at Alay. Its operating profit of at least \$6.5m on estimated sales of \$61.7m. Emess expects the acquisition to enhance fully diluted earnings per share by 1.5p this year.



Emess Share price relative to FT-A All-Share Index

Date set for health group float

By Philip Coggan

AMI Healthcare Group, the UK subsidiary of US private health group American Medical International, is likely to be capitalised at a figure close to £200m when it is floated on the stock market in February.

London Investment raising £21.5m for expansion

BY ALEXANDER NICOLL

London Investment Trust, a futures and options brokerage group, yesterday announced a one-for-one rights issue raising £21.5m to fund expansion, as well as the costs of complying with Britain's new regulatory requirements.

As a result of the market crash, LIT suffered net trading losses of £1.76m in October - the first month of its second half - but says trading performance in November and December was encouraging and the full-year outcome should be satisfactory.

£241m. Profits are after charging £200,000 for costs of a Eurobond fraud case involving former employees which was settled out of court, and after the £150,000 impact of the weaker dollar. They are before a £391,000 extraordinary charge from redundancy and reorganisation costs.

lot to do with the events of October. As a broker and clearer, it does not take principal positions. Nevertheless, futures are a risky business, however carefully managed. LIT depends on trading volume and is expecting it to grow at least 15 per cent this year after a post-crash dip, and it has also raised its commission 20 per cent from January.

party risk. LIT, which plans to integrate the two main subsidiaries more closely caters for many small investors but plans to put greater emphasis on institutions. They themselves need to deal with strong brokers, and also demand credit facilities from them.

Fitch Lovell gets ready for further development

CONTINUED progress was shown by Fitch Lovell in the half year ended October 25, 1987. The food manufacturer and distributor, lifted sales by 21 per cent to £265.24m and pre-tax profit by 19 per cent, from £10.41m to £12.4m.

At first sight, these results seem just a continuation of the recent trend in Fitch Lovell's profits - a decline in the red meat business and a move into "healthier" products like white meat and fish. However, the underlying picture is rather more complex - some red meats did quite well but the company was hit by a rise in pork and beef prices which it was unable to pass on to the retailer.

Disposal boosts J Webb midway

Interim pre-tax profits at Joseph Webb were boosted mainly by a large contribution from the disposal of its Hop-ton-on-Sea holiday village in Norfolk amounting to £636,000.

Net rental income from the property investment portfolio increased to £146,000 (£132,000) and continued to show steady growth. The interest charge rose to £266,000 (£259,000).

NOTICE OF REDEMPTION

General Electric Credit International N.V.

11% Guaranteed Notes Due 1991 (guaranteed by General Electric Capital Corporation) The foregoing Corporations are affiliates of General Electric Company U.S.A. known as General Electric Credit Corporation.

Coupons which shall have matured on or prior to the Redemption Date should be detached, presented, and surrendered for payment in the usual manner. Payment on any Note made within the United States, including by transfer to a United States depository account maintained by the issuer or a bank in the City of New York, may be subject to reporting to the United States Internal Revenue Service (IRS) and to back up withholding of 20% of the gross proceeds.

IT'S INTERNATIONAL...

...and the world's largest financial companies, with a market capitalisation of £1.5 billion.

...and the world's largest companies, with a market capitalisation of £1.5 billion.

...and the world's largest companies, with a market capitalisation of £1.5 billion.

...and the world's largest companies, with a market capitalisation of £1.5 billion.

...and the world's largest companies, with a market capitalisation of £1.5 billion.

IT'S SUCCESSFUL...

...and the world's largest companies, with a market capitalisation of £1.5 billion.

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Ace Belmont International plc

SUMMARY OF RESULTS FOR THE YEAR ENDED 31st AUGUST 1987

Table with 3 columns: Item, 1987 (£000's), 1986 (£000's). Rows include Turnover, Profit before taxation, Taxation, Extraordinary items, Preference dividend, Profit retained.

SUMMARY FROM THE REVIEW OF THE CHAIRMAN, MARTIN SHAW, LL.B.

- Pre-tax profits more than doubled. Turnover exceeded £50 million for the first time. Earnings per share 80.90p (1986 29.51p). Market share in caravan manufacture increased. Strong foundations laid for future growth.

COLONIAL HOUSE, SWINEMOOR LANE, BEVERLEY, NORTH HUMBERSIDE

IT'S HERE BET THE INTERNATIONAL SERVICES COMPANY

COMMODITIES AND AGRICULTURE

UK pig farmers demand fair deal

BY BRIDGET BLOOM, AGRICULTURE CORRESPONDENT

SEVERAL HUNDRED UK pig farmers yesterday gave vociferous backing to a demand by Mr Simon Gourlay... The NFU maintains that pig prices are at their lowest levels for five years...

It claims that the principal culprit for this state of affairs is the European Community's complex system of border taxes... The system is intended to even out imbalances in intra-Community farm trade...

Kuwait and Japan close to oil deal

By Richard Johns

KUWAIT IS understood to be close to agreement with Japan on crude oil contracts for the three-month February-March period...

New York exchange plans to launch diamond futures

BY DEBORAH HARGREAVES IN CHICAGO

NEW YORK'S Commodity Exchange (Comex) is planning the launch of a diamond futures contract in spite of opposition from the diamond trade...

cannot be lumped into one purchase in this way. The proposed futures contract specifies delivery of 10 round, brilliant-cut stones of certain colour and clarity...

Report warns investors of pitfalls

BY KENNETH GOODING, MINING CORRESPONDENT

SOME OF the pitfalls of investment in diamonds are outlined in a new Economist Publications report...

increases of about 10 per cent are expected this year with a period of consolidation before 1985...

Bismuth price rises sharply

By Kenneth Gooding, Mining Correspondent

BISMUTH'S free market price yesterday reached the highest level since May 1982 and has jumped by 85 cents a lb so far this week to \$2.35...

Newer applications have increased demand for bismuth, traditionally used by the pharmaceutical and chemical industries...

Rubber supplies remain short

BY WONG SULONG IN KUALA LUMPUR

THE BUFFER stock manager of the International Natural Rubber Organisation has sold an estimated 120,000 tonnes from his 370,000 tonnes stockpile since last September...

Korea, Taiwan and India. "Natural rubber stocks (in December) have fallen almost depleted as production rises were insufficient to meet the demand..."

Canadian pulp capacity constrained

BY ROBERT GIBBENS IN MONTREAL

CANADIAN Newsprint and market pulp capacity will grow by only about 2 per cent in both 1982 and 1983...

of excess investment such as took place in the 1960s and 1970s. However, larger amounts of new capacity in all three sectors will be coming on stream in 1990-1992...

Row looms over Norwegian development

By Karen Fossli in Oslo

A POLITICAL row is expected to erupt over the Norwegian Oil Ministry's decision to postpone approval of the Sagafund petroleum licence...

development of other field development applications is a further blow to oil companies which say they have some oil and gas field development that can withstand oil prices as low as \$10.

Manila to launch copra and coffee contracts

BY RICHARD GOURLAY IN MANILA

THE MANILA International Futures Exchange is due to launch copra and coffee contracts on February 1, doubling the number of commodities traded on the 16-month-old market...

involved directly or indirectly in the coconut industry. More than 10 traders actively export copra, whereas the number of refiners is limited and there are only two major coconut oil exporters.

Shell Nigeria in potential 80m barrel find

THE SHELL Petroleum Development Company of Nigeria, the biggest operator in the country, says it has found oil in two exploratory wells with combined estimated recoverable reserves of more than 80 million barrels...

Preliminary estimates indicated reserves of above 50m barrels of oil and gas, and there is considerable scope for further finds in the area...

WORLD COMMODITIES PRICES

LONDON MARKETS

Table with columns: Commodity, Price, Change. Includes COCOA PRICES, COFFEE PRICES, SPOT MARKETS, GAS OIL PRICES, GRAINS PRICES, FRUIT AND VEGETABLES, and LONDON METAL EXCHANGE.

LONDON METAL EXCHANGE

Table with columns: Commodity, Price, Change. Includes Aluminum, Copper, Lead, Nickel, Silver, Tin, Zinc, and various metal contracts.

US MARKETS

Table with columns: Commodity, Price, Change. Includes Soybean Meal, Soybean Oil, and various agricultural products.

Chicago

Table with columns: Commodity, Price, Change. Includes Soybean Meal, Soybean Oil, and various agricultural products.

New York

Table with columns: Commodity, Price, Change. Includes Gold, Silver, and various financial instruments.

BRITISH METAL EXCHANGE

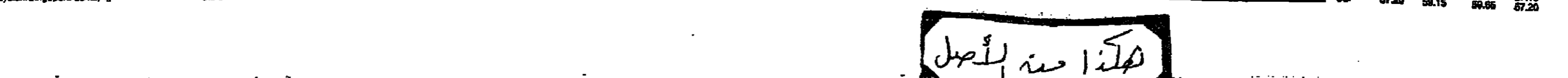
Table with columns: Commodity, Price, Change. Includes Aluminum, Copper, Lead, Nickel, Silver, Tin, Zinc, and various metal contracts.

FRUIT AND VEGETABLES

Table with columns: Commodity, Price, Change. Includes various fruits and vegetables like Apples, Bananas, and Citrus.

INDEXES

Table with columns: Index Name, Value, Change. Includes FTSE 100, Nikkei, and various international indices.



CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar & pound weaker

THE DOLLAR lost ground on speculation the Federal Reserve will encourage lower US interest rates, following the latest GNP data, published Wednesday.

rate index fell 0.1 to 74.4, compared with 72.6 six months ago. Sterling dipped briefly on publication of the UK trade figures for December.

imports did not fall back as expected. Chris Tucker, economist at Phillips and Drew, was not surprised at the size of the deficit, having forecast a current account figure of \$600m.

FINANCIAL FUTURES

Gilts and bonds in demand

GILT FUTURES were in strong demand yesterday. Life long gilts recorded a healthy 46,000 lots traded, as investors shrugged off slightly disappointing UK trade figures.

at 120-15 up to 120-21. However, further impetus for this level and up to a high of 121-10 left the contract a little over extended and the brief period spent at the day's high was probably a reflection of some hasty short covering.

permeating the market grapevine. Short sterling prices moved ahead as cash rates retreated. Thoughts of a half point increase in base rates continued to recede and despite an underlying note of caution, the strength of longer term rates seemed less and less justified.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns for currency, unit, and rate. Includes entries for Deutsche Mark, French Franc, Italian Lira, etc.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Table with columns for currency, spot rate, forward rate, and percentage change. Includes entries for DM, FF, SF, etc.

STERLING INDEX

Table with columns for date, index value, and percentage change. Shows index rising from 74.5 to 74.4.

CURRENCY RATES

Table with columns for currency, bank, and rate. Lists various international banks and their exchange rates.

POUND SPOT - FORWARD AGAINST THE POUND

Table with columns for currency, spot rate, forward rate, and percentage change. Includes entries for DM, FF, SF, etc.

CURRENCY MOVEMENTS

Table with columns for currency, movement, and percentage change. Shows fluctuations in various currencies.

EURO-CURRENCY INTEREST RATES

Table with columns for currency, term, and interest rate. Lists rates for various Euro-denominated currencies.

OTHER CURRENCIES

Table with columns for currency, bank, and rate. Lists rates for non-Euro currencies.

EXCHANGE CROSS RATES

Table with columns for currency, bank, and rate. Shows cross-rates between various currencies.

MONEY MARKETS

UK rates indicate cautious optimism

INTEREST RATES were a little lower yesterday. Dealers were becoming more accustomed to the idea of base rates staying at 8 1/2 p.c. for the time being and consequently period rates looked a little on the high side.

including the repayment of late assistance and bills maturing in official hands together with a take up of Treasury bills draining £285m and a rise in the note circulation of £75m.

The forecast was revised to a shortage of around £350m but there was no assistance in the morning. A further revision to the forecast to a shortage of £300m and the Bank gave assistance in the afternoon of £210m.

FT LONDON INTERBANK FIXING

Table with columns for currency, bank, and rate. Shows interbank fixing rates for various currencies.

NEW YORK

Table with columns for currency, bank, and rate. Shows New York market rates.

LONDON MONEY RATES

Table with columns for currency, bank, and rate. Shows London money market rates.

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MANCHESTER A CENTRE FOR FINANCIAL SERVICES. The Financial Times proposes to publish this survey on WEDNESDAY 20th APRIL 1988. For a full editorial synopsis and details of available advertisements positions, please contact BRIAN HERON on 061-834 9381.

THE FINANCIAL TIMES PROPOSES TO PUBLISH THE FOLLOWING PROPERTY SURVEYS IN 1988. 29th January Auctions, 26th February West End and Victoria property, 11th March Property in the North of England, 8th April M4 Property, 20th May M3/M27 Property, 24th June Office Property.

\$ WORLD VALUE OF THE DOLLAR BANK OF AMERICA GLOBAL TRADING ECONOMICS DEPT., LONDON

The table below gives the latest available rate of exchange for the U.S. dollar against various currencies as of Wednesday, January 27 1988. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated.

Bank of America Global Trading, London, New York, Tokyo, San Francisco, Los Angeles, Toronto. 24-hours a day trading capability. Enquiries: 01-434 4360/5. Dealing: 01-236 9861.

Large table with columns for COUNTRY, CURRENCY, VALUE OF DOLLAR. Lists exchange rates for numerous countries including Australia, Canada, Europe, and Asia.

U.S. Not available. (a) Market rate. (b) US dollar per National Currency. (c) Parallel rate. (d) Official rate. (e) Commercial rate. (f) Free-market. (g) Controlled. (h) Restricted rate. (i) Preferential rate. (j) Non-commercial imports. (k) Floating import rate. (l) Public intervention rate. (m) Agricultural products. (n) Agricultural products. (o) Priority rate. (p) Essential imports. (q) Exports. (r) Call/A Jan 88 rate divided by 100. (s) 1/100. (t) Market. (u) Jan 88 rate divided by 100. (v) Jan 88 rate divided by 100. (w) Jan 88 rate divided by 100. (x) Jan 88 rate divided by 100. (y) Jan 88 rate divided by 100. (z) Jan 88 rate divided by 100.

EUROPEAN OPTIONS EXCHANGE

Series	Feb. 88		Mar. 88		Apr. 88		Stock
	Vol	Last	Vol	Last	Vol	Last	
GOLD C	1,464	12.50	1,135	12.50	1,135	12.50	144.50
GOLD D	1,464	12.50	1,135	12.50	1,135	12.50	144.50
GOLD E	1,464	12.50	1,135	12.50	1,135	12.50	144.50
GOLD F	1,464	12.50	1,135	12.50	1,135	12.50	144.50
GOLD G	1,464	12.50	1,135	12.50	1,135	12.50	144.50
GOLD H	1,464	12.50	1,135	12.50	1,135	12.50	144.50

Series	Feb. 88		Mar. 88		Apr. 88		Stock
	Vol	Last	Vol	Last	Vol	Last	
EDF index	115	115.30	115	115.30	115	115.30	174.40
EDF index	115	115.30	115	115.30	115	115.30	174.40
EDF index	115	115.30	115	115.30	115	115.30	174.40
EDF index	115	115.30	115	115.30	115	115.30	174.40
EDF index	115	115.30	115	115.30	115	115.30	174.40

Series	Apr. 88		Jul. 88		Oct. 88		Stock
	Vol	Last	Vol	Last	Vol	Last	
ABN C	1,464	12.50	1,135	12.50	1,135	12.50	144.50
ABN D	1,464	12.50	1,135	12.50	1,135	12.50	144.50
ABN E	1,464	12.50	1,135	12.50	1,135	12.50	144.50
ABN F	1,464	12.50	1,135	12.50	1,135	12.50	144.50
ABN G	1,464	12.50	1,135	12.50	1,135	12.50	144.50
ABN H	1,464	12.50	1,135	12.50	1,135	12.50	144.50

TOTAL VOLUME IN CONTRACTS: 13,023

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Trust Name	Manager	Units	Price
Abney Unit Trust Mgrs (S)	10 Abney Place, London EC4A 3DF	0.28	55.00
Admiral Unit Trust Mgrs (S)	10 Abney Place, London EC4A 3DF	0.28	55.00
Admiral Unit Trust Mgrs (S)	10 Abney Place, London EC4A 3DF	0.28	55.00
Admiral Unit Trust Mgrs (S)	10 Abney Place, London EC4A 3DF	0.28	55.00
Admiral Unit Trust Mgrs (S)	10 Abney Place, London EC4A 3DF	0.28	55.00

BASE LENDING RATES

Bank	Rate	Bank	Rate
Abn-Amro	6.00%	Commerzbank	6.00%
Abn-Amro	6.00%	Commerzbank	6.00%
Abn-Amro	6.00%	Commerzbank	6.00%

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

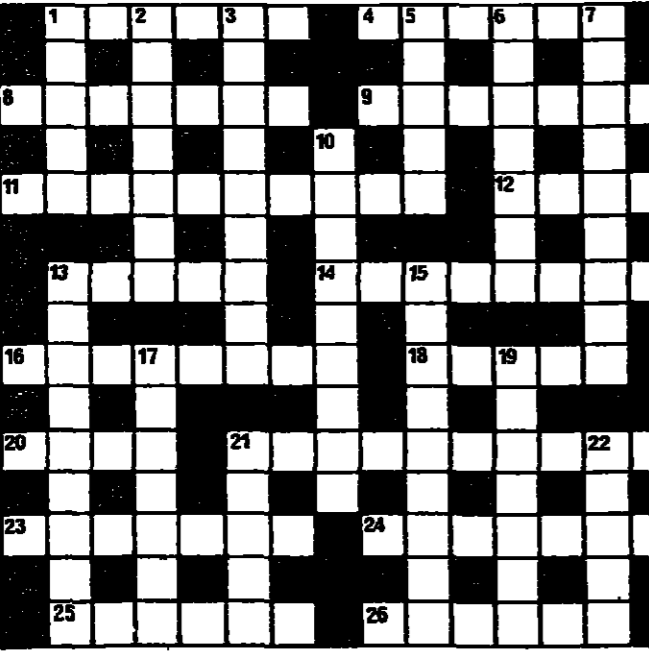
LANGUAGE COURSES
The Financial Times proposes to publish this Report on
Saturday 20 February 1988

For a full editorial synopsis and details of available advertisement positions, please contact

Sue Mathieson on 01-489 0033

or write to her at:
Bracken House
10 Cannon Street
London EC4A 4BY

FT CROSSWORD No.6,542
SET BY CINEPHILE



ACROSS
1 Half way to clear screen (6)
2 Mr Sloan's entertaining epithet on camera? (6)
3 Pain-killer for a number having some force? (7)
4 Dog gets payment for some electricity? (7)
5 One way to give us our hoped-for super domestic? (5)
6 Bird in the hibernac (4)
7 Pretty picture, dog's home included (3-2)
8 Scots dress contains a two-way electrical unit (8)
9 Where Henry Beas Richards, with shortened weapon between the two (8)
10 Drunk and trifle, about two old pence (5)
11 Antique silver given to journalist (4)
12 The game seems to be not to let it bounce (6-4)
13 Strike causes some limping everywhere? (7)
14 Died on stage? Disgusting (7)
15 Reverse weapon to acquire something precious (6)
16 XS sounds too much (6)
DOWN
1 Dog concerned with noise abatement? (5)
2 President went crazy at first issue of state capital (7)
3 Bird seen in smoothing machine (9)

Solution to Puzzle No.6,541

BUTTERSCOTCH
R E P E T O I E
E N S U R E D G A T E A U X
I U R E I L T R I
N O R M A S T R A K E R
C E L S P A L E A
A M B I G U O U S U N D E R
R O T A I N C A R M E N
N O T E U N I F O R M E D
A N G U I N A
T R O M B O N E T I T A N
I T R I S I E A
O U T L I N E H A N D L E R
N E E G A U D Y
R E F R E S H M E N T S

FT UNIT TRUST INFORMATION SERVICE

Table of unit trust information including names like 'Scottish Asset Management Ltd', 'Scottish Equitable Fund Mgmt Ltd', and 'Scottish Life Investments Ltd' with columns for various metrics.

Table of unit trust information including names like 'Trustee Unit Trust Managers', 'Scottish Life Investments Ltd', and 'Scottish Mutual Investment Management Ltd'.

Table of unit trust information including names like 'American Life Insurance Co', 'Scottish Life Assurance Co Ltd', and 'Scottish Life Assurance Co Ltd'.

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INSURANCES

Table of insurance information including names like 'AA Property Services', 'Abn Life Assurance Co Ltd', and 'Abn Life Assurance Co Ltd'.

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FT UNIT TRUST INFORMATION SERVICE

Main table containing unit trust information, organized into columns for various trust categories and individual fund details.

MANAGEMENT SERVICES OFFSHORE AND OVERSEAS

Table listing management services, offshore and overseas options, including company names and contact information.

FT UNIT TRUST INFORMATION SERVICE

Table containing FT Unit Trust Information Service data, listing various unit trusts with columns for Name, Investment Objective, and other details.

LONDON SHARE SERVICE

Table containing London Share Service data, including sections for British Funds, Foreign Bonds & Rails, and American Stocks, with columns for Name, Price, and other metrics.

Table containing Money Market Trust Funds and Bank Accounts data, listing various financial products and their details.

LONDON SHARE SERVICE

AMERICANS - Contd

Table listing American companies and their share prices, including entries like 'Bank of America' and 'Coca-Cola'.

CANADIANS

Table listing Canadian companies and their share prices, including entries like 'Alcan' and 'Imperial Oil'.

BANKS, HP & LEASING

Table listing banks, hire purchase, and leasing companies, including entries like 'Bank of Montreal' and 'Hertz'.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit companies, including entries like 'Guinness' and 'Heineken'.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road companies, including entries like 'Balfour Beatty' and 'Crested Butte'.

BUILDING, TIMBER, ROADS Contd

Continuation of Building, Timber, and Roads companies, including entries like 'Crested Butte' and 'Crested Butte'.

CHEMICALS, PLASTICS

Table listing chemical and plastic companies, including entries like 'Bayer' and 'Dow Chemical'.

DRAPERY AND STORES

Table listing drapery and store companies, including entries like 'Debenhams' and 'Debenhams'.

DRAPERY AND STORES - Contd

Continuation of Drapery and Stores companies, including entries like 'Debenhams' and 'Debenhams'.

ELECTRICALS

Table listing electrical companies, including entries like 'ABB' and 'ABB'.

Table listing electrical companies, including entries like 'ABB' and 'ABB'.

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ENGINEERING

Table listing engineering companies, including entries like 'ABB' and 'ABB'.

ENGINEERING - Contd

Continuation of Engineering companies, including entries like 'ABB' and 'ABB'.

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INDUSTRIALS (Miscel.) - Contd

Continuation of Industrial (Miscellaneous) companies, including entries like 'ABB' and 'ABB'.

Continuation of Industrial (Miscellaneous) companies, including entries like 'ABB' and 'ABB'.

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INDUSTRIALS (Miscel.) - Contd

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FOOD, GROCERIES, ETC

Table listing food, grocery, and other companies, including entries like 'Unilever' and 'Unilever'.

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Table listing food, grocery, and other companies, including entries like 'Unilever' and 'Unilever'.

HOTELS AND CATERERS

Table listing hotels and caterers, including entries like 'Hilton' and 'Hilton'.

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INSURANCES

Table listing insurance companies, including entries like 'Axa' and 'Axa'.

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LONDON SHARE SERVICE

INSURANCES - Contd

Table listing insurance companies and their share prices, including Royal Indemnity, Commercial Union Assurance, and others.

PAPER, PRINTING, ADVERTISING - Contd

Table listing paper, printing, and advertising companies and their share prices, including News International, Reed International, and others.

TEXTILES - Contd

Table listing textile companies and their share prices, including British Textiles, J. H. Rayner, and others.

TRUSTS, FINANCE, LAND - Contd

Table listing trusts, finance, and land companies and their share prices, including British American Finance, British Finance, and others.

OIL AND GAS - Contd

Table listing oil and gas companies and their share prices, including British Petroleum, Shell, and others.

MINES - Contd

Table listing mining companies and their share prices, including Anglo American, De Beers, and others.

LEISURE

Table listing leisure companies and their share prices, including British Skyways, British Airways, and others.

PROPERTY

Table listing property companies and their share prices, including British Land, City of London Real Estate, and others.

TOBACCO

Table listing tobacco companies and their share prices, including British American Tobacco, J. H. Rayner, and others.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land companies and their share prices, including British American Finance, British Finance, and others.

OVERSEAS TRADERS

Table listing overseas trading companies and their share prices, including Anglo Siam, Anglo Japanese, and others.

THIRD MARKET

Table listing third market companies and their share prices, including Anglo American, De Beers, and others.

MOTORS, AIRCRAFT TRADES

Table listing motor and aircraft trade companies and their share prices, including British Leyland, British Aerospace, and others.

COMMERCIAL VEHICLES

Table listing commercial vehicle companies and their share prices, including British Leyland, British Aerospace, and others.

COMPANIES

Table listing various companies and their share prices, including British American Finance, British Finance, and others.

FINANCE, LAND, ETC

Table listing finance, land, and other companies and their share prices, including British American Finance, British Finance, and others.

PLANTATIONS

Table listing plantation companies and their share prices, including Anglo Siam, Anglo Japanese, and others.

MINES

Table listing mining companies and their share prices, including Anglo American, De Beers, and others.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publishing companies and their share prices, including News International, Reed International, and others.

SHIPPING

Table listing shipping companies and their share prices, including British Skyways, British Airways, and others.

SHOES AND LEATHER

Table listing shoe and leather companies and their share prices, including British American Tobacco, J. H. Rayner, and others.

SOUTH AFRICANS

Table listing South African companies and their share prices, including Anglo American, De Beers, and others.

OIL AND GAS

Table listing oil and gas companies and their share prices, including British Petroleum, Shell, and others.

REGIONAL & IRISH STOCKS

Table listing regional and Irish stocks and their share prices, including Anglo American, De Beers, and others.

PAPER, PRINTING, ADVERTISING

Table listing paper, printing, and advertising companies and their share prices, including News International, Reed International, and others.

TEXTILES

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TRUSTS, FINANCE, LAND

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OIL AND GAS

Table listing oil and gas companies and their share prices, including British Petroleum, Shell, and others.

OVERSEAS TRADERS

Table listing overseas trading companies and their share prices, including Anglo Siam, Anglo Japanese, and others.

TRADITIONAL OPTIONS

Table listing traditional options and their share prices, including Anglo American, De Beers, and others.

Notes and disclaimers regarding the data provided, including information on data sources and accuracy.

LONDON STOCK EXCHANGE

Trade figures brushed off as Government bonds and equities advance in active trade

Account Dealing Dates
First Dealings Last Account
Jan 11 Jan 21 Jan 22 Feb 1
Jan 26 Feb 4 Feb 5 Feb 15
Feb 8 Feb 18 Feb 19 Feb 23

THE DISCLOSURE of a UK trade deficit for December at the top end of City forecasts failed to upset the UK securities markets yesterday. Having braced themselves for poor figures, market analysts seemed prepared to tolerate the modest narrowing in the current account deficit to £582m. Both Government bonds and equities moved higher throughout the session, passing only briefly as the trade figures announcement appeared on the trading screens.

Turnover in equities increased significantly, boosted by renewed speculative trading in oil shares as Elf, the French Group, increased its terms for Tricentrol, just as Atlantic Richfield swooped into the market to pick up 14.6 per cent of the Tricentrol equity.

The broad range of the market was encouraged by a heavy-weight investment circular from Nomura Securities which expects London to outperform other major markets in the coming months. A major brokerage house was believed to be operating a trading programme, involving both buying and selling of leading stocks.

Share volume through the Seaq system totalled 683.4m at 5.00pm, nearly twice the levels recorded earlier this week. The figure included 46m shares in Tricentrol, 7m British Gas, 9.1m BP "old" and 6.3m "new", 4.9m Ultramar, more than 2m in Enterprise Oil and 1.6m shares in Barmah.

Not all the investment interest was claimed by the oil shares. Dealers reported "some good quality, chunky business, fairly well spread across the full range of the market." There was a brief sell-off after the trade figures, but the equity market quickly steadied when it became clear that sterling, and the UK bond market, had taken the news without strain.

"There was definitely a better take about it", commented a trader at James Capel, the UK agency broker. "Investors were much more willing to deal."

The FT-SE 100 Index closed 18.7 up at 1783.9, the day's best five points up ahead of the trade figures, which brought a brief dip into negative territory.

The session opened well when Salomon Bros, acting for an unnamed source - later identified as Atlantic Richfield (Arco) - bought heavily in Tricentrol shares at 180p. With Elf quickly raising its offer for the Tricentrol equity to 160p, the market scented another takeover battle, to take up the

running from the British-BP-Arco saga. The rest of the oil sector roared ahead like a bonfire. There was Japanese buying of British Gas and Glaxo, both of which featured in Nomura's list of twelve recommended "core" companies. Also giving a strong lead to the market were Shell, which is nearing its dividend date, and Bank Organisation, which disclosed good trading results. Properties were encouraged by a modest-sized takeover bid.

Government bonds continued to respond to the strength of the New York bond market, which gave an additional boost to the close of the London market. Most of the interest was seen at the long end of the Gilts market, which had already put on around 1/2 of a point when the announcement of the trade figures brought a markdown "which lasted all of five minutes", according to one trader at a US bank.

The sector quickly recovered, on the back of the foreign exchange markets, and by the end of the day, gains ranged to a full point in the long. Short-dated Gilts were less active, but added about 1/2 as concerns over upward pressures on base rates continued to fade.

Tricentrol shares were quickly marked up by 20 to 180p as Salomon and Kleinwort Benson led the buying foray which took the share to a closing level of 187p. The market is looking for an "action" of Tricentrol, with Elf's increased offer of 160p already brushed aside on the hope that Atlantic Richfield will employ some of its profit on its British stake. Other possible bidders include Exxon, the world's largest oil group which was once thought to be interested in British.

The excitement set a light to the rest of the second-line oil stocks. Enterprise Oil, expected to disclose a drilling report shortly, jumped 18 to 295p, Ultramar bounced 21 to 237p, and London & Scottish Marine Oil (L.S.M.O.) added 8 to 314p. Barmah shaded to 490p. Pennzoil rejected interest in bidding.

Nor did interest slacken in the sector's major bid saga. With the Kuwait oil minister known to be ready to negotiate a largely political deal, involving both Golden Shares and effective foreign interest. Estates Property Investment Company, (EPIC) spurred to 260p prior to closing a net 16

FINANCIAL TIMES STOCK INDICES
Table with columns for Government Secs, Fixed Interest, Ordinary, Gold Mines, Govt. Div. Yield, Govts. Vtd. (incl. Div.), P/E Ratio (incl. Div.), SEAG Baskets (Open), Equity Turnover (Total), Equity Baskets, Shares Traded (m), and S.E. ACTIVITY (High, Low, High, Low, High, Low, High, Low, High, Low, High, Low).

Opening 1415.7, 10 a.m. 1418.1, 11 a.m. 1416.9, 12 p.m. 1419.2, 1 p.m. 1422.4, 2 p.m. 1424.4, 3 p.m. 1427.6, 4 p.m. 1425.5
Day's High 1430.0, Day's Low 1413.7

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-0898 123001

282p to end 3 down on the day at 286p. E.P. Palmer, the cidermaker and wholesaler of wines and spirits, eased on the loss of a contract held by subsidiary Dent & Reuss for the past fourteen years. The agency for the distribution of Glenmorangie, the second most popular brand of malt whisky in England and Wales, is to be transferred to United Rum Merchants, a division of Allied-Lyons, from April. The shares of H.P. Bulmer closed 3 lower at 149p. A Loarhe delighted followers with annual profits of £200.2m which topped most market forecasts. Institutional investors threw aside recent caution and bought the shares heavily as the price rose 1 1/2 to 262p during a turnover of 1m shares. Analysts were delighted that the company could scale up this year's profits estimates and, with the added spice of the group's assets attraction, the stock is expected to rate a "buy". Bank Organisation pleased shareholders with the announcement of a 27 per cent increase in its annual profits. This was quickly reflected in the share price which surged ahead in active trading conditions (some 6.5m shares passed through the SEAQ system) to close 34 higher at 621p.

A strong performance from Rank Xerox contributed to pre-tax profits of £208m for the year which compared with analysts' forecasts ranging from £200m to £206m.

stock left Argyle Trust 3 down at 81p. The major clearing banks displayed no set trend, but trading volumes were higher than of late. Lloyds slipped 5 to 253p on a turnover of 3.7m shares. Midland on the other hand, with 3.9m traded, firmed 5 to 405p. Royal Bank of Scotland eased a penny to 344p on a turnover of 2.2m shares, including a block of 500,000 passing through the system at 84 1/2p. Sedgwick, a dull market on Wednesday reflecting a Wood Mackenzie profits downgrade, staged a useful rally on the back of the fall in been overdone and closed 4 better at 214p, after 216p. Volume amounted to 1.8m shares.

Knuckel, the health care and entertainment group, staged a quiet debut in the Unlisted Securities Market, the shares, previously traded under Special Rule, opened at 41p, but drifted back to 37p. There are now six marketmakers in the shares. One dealer commented that pent-up sellers had taken advantage of the USM facility to pass on unwanted stock which, prior to the USM quote, was extremely difficult to trade because of the matched bargain rule.

Trading also got underway yesterday in Verdon International, after its merger with listed engineering company Verdon Engineering, the shares traded between 16p and 24p prior to closing at 22p. Dealings also started in Verdon new mill paid shares, issued in connection with a one for five rights issue at 15p to raise £1.5m; the shares opened at 4p, touched 5p and closed at 7p. Revised institutional interest stimulated Whitebread "A", up 6 at 284p, but other Brewery leaders adopted an easier trend. Speculative support continued for regional issues Greenacres 23p and the close was 9 higher at 491p; gossip of further stake-building by a leading UK major and Australian group Elders IXL refused to die little bit marketmakers saw little evidence of sharply increasing demand of fresh purchases yesterday. The Building sector displayed

several bright features with institutional buyers re-emerging for selected quality stocks, including Tarmac, finally higher at 232p, and Marley, which closed 6p up at 140p. Taylor Woodrow firmed 5 to 386p and George Wimpey picked up 4 at 255p, while Alfred McAlpine advanced 10 to 483p. Old takeover favourite Magnet spurred 10 to 230p on a turnover of 2.6m shares, while Meyer International added 3 to 360p.

Laporte rose in demand following the appearance of a sizeable buyer and the price finished 17 higher at 409p. Croda International's shares were also wanted, the Ordinary shares ending at 247p, but the preference shares to 211p and 206p respectively. Amerasia International made fresh progress as speculators continued to focus on the possible change in status of the UK Government's "golden share" and the close was 12 higher at 466p.

Share Drng, dealt in on the the USM market, featured a jump of 38 to 260p on the announcement of a bid approach. Inevitably, Woolworth were put forward as a possible contender, but a number of dealers thought this was unlikely in view of the recent successful acquisition of Tip Top. It was also suggested that Lloyds Chemists, up 6 at 183p, after having been down to 125p on one stage, may be interested.

Among the leading Stores, Woolworth, 253p, and Burton 244p, both of which are current buy situations with Nomura Securities, improved 12 and 6 respectively. Marks and Spencer closed little altered at 180p but were actively traded (15.8m) in the wake of its plans to offer personal loans to its 2m Chargecard holders. The leading UK suppliers of telephone systems encountered calmer conditions after Wednesday's furrowed brows over British Telecom equipment contracts. Plessey, the hardest hit stock that day, continued to trade freely, although volume halved at 7.6m, and settled 4 up at 140p. Wednesday's performance on 181p. BT, which announced increased charges for inland private circuits, improved 2 1/2 to 231 1/2p despite a "sell" recommendation from a leading securities house. Among other issues, BIC rose 5 to 345p, and Cable & Wireless gained 8 to 353p.

A heavy trade in Brawway.

Bolls-Royce, up 3 at 143p in a volume of nearly 6m shares, was thought to have reflected further sales by excess foreign holders. Earlier this week excess holdings stood at around 15m, but most are now thought to have been sold.

The majority of the major international stocks closed with little alteration. Once again Hanson were actively traded (some 7.2m shares) before settling a couple of pence better at 136 1/2p. Glaxo improved 1/2 to 510 1/2p with around 2.8m shares going through the Seaq system. Buying interest revived in British Aerospace which put on 3 to 377p while Cookson, a favourite with a number of investment analysts, also staged a revival and put on 10 to 552p. British Airways were briskly traded (around 4.8m shares) and closed 3 higher at 171 1/2p, after having touched 165 1/2p in the early dealing. Phillips and Drew are currently recommending purchases of British Airways on the basis that the recently acquired BCal could boost profits by £80m a year, which is expected to come through strongly in 1988.

BAA were also an active market, closing a couple of pence higher at 109p in a volume of 5.6m shares. Granada gained 9 to 237p following staff rationalisation moves. Maxwell Communications returned to favour, gaining 9 to 247p, but the star of the sector, was Haynes Packaging which, following an excellent first-half trading performance, soared 80 to 425p in a restricted market. Buzzi dropped after news of the acquisition of California-based contractor of high-quality building products for \$24.2m and ended 4 lower at 160p.

Traded option contracts came out at 27.932. Calls amounted to 20,042 and puts totalled 6,707. British Gas calls were active at 4,097, while FTSE contract registered 2,160 calls and 1,366 puts.

Traditional Options

First dealings Jan 18
Last dealings Jan 29
Last declarations Apr 21
For settlement May 3
For exercise indications see end of London Share Services
Interest in the Traditional option market remained at a low level. Stocks dealt in for the call included Knuckel, Northern Resources, Premier Consolidated, and British Gas. Puts were reported, but a double option was transacted in Brawway.

FT-ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns for EQUITY GROUPS & SUB-SECTIONS, Thursday January 28 1988, and FIXED INTEREST. Includes sub-sections like CAPITAL GOODS, BUILDING MATERIALS, CONTRACTING, etc.

LONDON TRADED OPTIONS

Table with columns for CALLS and PUTS, listing various stock options with their respective prices and volumes.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Table listing trading volume for major stocks such as BHP, British Gas, Cable & Wireless, etc.

RISES AND FALLS YESTERDAY

Table showing rises and falls in various market indices and sectors.

LONDON RECENT ISSUES

Table listing recent issues of stocks and bonds, including company names and issue details.

FIXED INTEREST STOCKS

Table listing fixed interest stocks with columns for price, yield, and other financial metrics.

WORLD STOCK MARKETS

Table of stock market data for various countries including Austria, France, Germany, Italy, Japan, and the Netherlands. Columns include country, date, and various stock indices.

CANADA

Table of stock market data for Canada, including Toronto and Montreal markets. Columns include stock name, price, and change.

Table of stock market data for Australia, including various stock indices and company shares. Columns include stock name, price, and change.

OVER-THE-COUNTER Nasdaq national market, closing prices

Table of over-the-counter stock prices from the Nasdaq national market. Columns include stock name, price, and change.

Indices

Table of various stock indices including Dow Jones, Standard and Poors, and others. Columns include index name, value, and change.

CHIEF LONDON PRICE CHANGES YESTERDAY

Table showing price changes for various commodities and currencies in London. Columns include item name, price, and change.

TOKYO - Most Active Stocks

Table of the most active stocks in Tokyo. Columns include stock name, price, and change.

NEW YORK ACTIVE STOCKS

Table of active stocks in New York. Columns include stock name, price, and change.

N. AMERICAN QUARTERLY RESULTS

Table of quarterly financial results for various North American companies. Columns include company name, quarter, revenue, and profit.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table containing stock prices for various companies, organized in columns with headers for stock name, price, and change. Includes sub-sections like 'D D D', 'G G G', 'M M M', 'N N N', 'O O O', 'P P P', 'Q Q Q', 'R R R', 'S S S', 'T T T', 'U U U', 'V V V', 'W W W', 'X X X', 'Y Y Y', 'Z Z Z'.

Handwritten signature or scribble at the bottom of the page.

NYSE COMPOSITE CLOSING PRICES

Table of NYSE Composite Closing Prices. Columns include Stock, P, S, High, Low, Last, Change. Includes sub-sections for 'Continued from Page 46' and 'S, S, S'.

AMEX COMPOSITE CLOSING PRICES

Table of AMEX Composite Closing Prices. Columns include Stock, P, S, High, Low, Last, Change. Includes sub-sections for 'Continued from Page 46' and 'S, S, S'.

OVER-THE-COUNTER

Table of Over-the-Counter market closing prices. Columns include Stock, P, S, High, Low, Last, Change. Includes sub-sections for 'Continued from Page 46' and 'S, S, S'.

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AMERICA

Dow fluctuates to close with a modest rally

Wall Street

EQUITIES fluctuated with little conviction yesterday but ended the day moderately higher...

were both close to forecasts. Income rose 0.7 per cent and personal consumption spending increased 0.5 per cent.

The major piece of corporate news was the announcement of wide-ranging management restructuring at International Business Machines...

Among blue chips, Merck stood 3/4% higher at \$14.81/2, while Bristol-Myers gained 3/4% to \$43 3/4...

Canada

DECLINES by golds and base metals outweighed gains by energy issues and industrial stocks...

SOUTH AFRICA

A FIRMER financial rand and the easier bullion price nudged gold stocks in Johannesburg lower...

minings fell in sympathy. Anglo American lost 25 cents to R47.25, Genor was 50 cents lower at R43.50...

Foreign sell-off pushes Frankfurt to three-year low

London

BOLSTERED by strong speculative trading in oil shares and unflustered by the disclosure of a UK trade deficit...

AG gave up BFR50 to BFR5,500 after its bid for a takeover of its fellow insurer, Gevaert...

Government bonds rose in response to US bonds, with the best gains at the long end.

Insurers were little changed with the notable exception of Swiss Re, which climbed SF560 to SF11,650.

Troubled aircraft maker Fokker was suspended at FI 17, a 60 cent fall, while distiller Boli had made up FI 2.80 to FI 106.80...

106.80 on strong foreign buying. Nedlloyd fell 80 cents to FI 177.20.

ZURICH ended even after an uneventful session. Wall Street's overnight decline and the drifting dollar kept investors sidelined.

Banks continued to be neglected while the market awaited 1987 results. Union Bank eased SF35 to SF2,890...

Insurers were little changed with the notable exception of Swiss Re, which climbed SF560 to SF11,650.

PARIS was taken lower as foreign investors, notably British and American, led a broad sell-off.

At suspension, Alko was unchanged at FI 85, while Royal Dutch benefited from well received results for its Shell Oil subsidiary to gain FI 1 to FI 208.

Troubled aircraft maker Fokker was suspended at FI 17, a 60 cent fall, while distiller Boli had made up FI 2.80 to FI 106.80...

which gained 50 cents to FFR241.

MILAN was little changed after a featureless day of thin trading. The MIB index rose 0.1 per cent to 965...

STOCKHOLM advanced across a broad front in moderate trading buoyed by steady liquidity from domestic institutions.

OSLO was further depressed by pessimism over forthcoming corporate results and low prices for North Sea oil.

OLs were led lower by Norsk Hydro's NKr6 tumble to NKr151.50, while Saga Petroleum finished NKr1.50 lower at NKr38.5.

MADRID inched lower in dull trade. The previous day's sell-off petered out and selective late bargain-hunting pared early losses.

Standstill in Vienna while investors keep eye on dollar, taxes

TURNOVER on the Vienna bourse has become caught in the doldrums as the market has slumped to its lowest levels in two years...

Investors have been sidelined as they nervously await the dollar and await decision on proposed tax reforms which would remove tax incentives on shares and dividends.

Share prices overall have slumped by 15 per cent since the world market collapse on October 19...

One inhibiting factor helping steady the fall is the exchange rate limiting domestic share fluctuations to 5 per cent in a trading day.

Large-scale buying in recent weeks has dried up. Moreover, the Austrian investor is cautious by nature...

Retailers spur Nikkei's rebound

Tokyo

AFTER a weak start, share prices took encouragement from the dollar's continued stability while strength in retailers and financials lifted prices later in the day...

The Nikkei stock average closed 251.34 higher at 23,587.25, but volume dipped to 631.35m shares compared with Wednesday's 859.01m.

A wait-and-see mood dominated the market in early trading although the steady dollar triggered light buying.

In the second sale of NTT shares last November, the Government publicly offered 1.95m shares at a per-share price of ¥2.55m...

to individual investors. The NTT stock price has since been fluctuating between the low levels of ¥2.20m to ¥2.30m.

NTT fared poorly during the morning, losing ¥10,000 to ¥2.22m, but the reports sparked buying interest and NTT closed ¥150,000 higher at ¥2.38m.

Supermarket chains performed strongly on expectations that the strong yen would help reduce import costs.

Bond prices firmed but the market still lacked vigour. The market made a good start in response to the strong overnight performance of the US bond market.

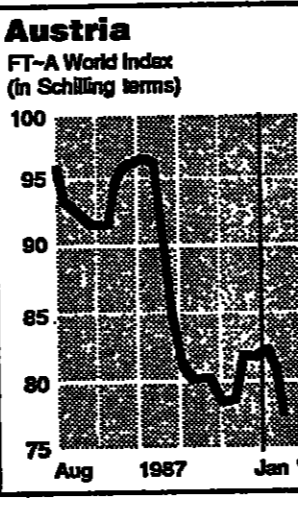
5.0 per cent Government bond, maturing in December 1997, fell to 4.250 per cent from 4.295 per cent at the close on Wednesday.

On the Osaka Securities Exchange (OSE), prices staged a sharp rally, with the 250-issue OSE stock average closing 189.11 points higher at 23,735.92 in moderate turnover.

Quality gold-related stocks were marked down throughout the session. Sons of Gwalia dropped 60 cents to A\$6.00, Metana up 40 cents to A\$3.30...

UTILITIES were the only bright spot in dull, directionless trading. The Hang Seng index inched up 0.10 to 2,412.72.

Banks were depressed by HongKong & Shanghai Bank's announcement that its US-based Marine Midland unit had added \$200m to its loan-loss reserves.



from only 1.5 per cent to around 2 per cent over the past few months.

This gradually rising interest in equities is due largely to plans by the Socialist-led coalition Government partially to privatise some of Austria's many state-owned companies.

Analysts are more optimistic, though over the Government's privatisation plans. In May or June, 25 per cent of the successful Austrian Airlines will be listed, and despite the gloom enveloping the market, many analysts are forecasting its popularity.

FT - ACTUARIES WORLD INDICES

Table with columns: NATIONAL AND REGIONAL MARKETS, THURSDAY JANUARY 28 1988, WEDNESDAY JANUARY 27 1988, DOLLAR INDEX. Rows include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, United Kingdom, USA, Europe, Pacific Basin, Euro-Pacific, North America, Europe Ex. UK, World Ex. US, World Ex. UK, World Ex. SA, World Ex. Japan, World Index.

This announcement appears as a matter of record only. January, 1983

Confederation Life Insurance Company advertisement. £35,000,000 Loan Facility. Arranged and Managed by J. Henry Schroder Wagg & Co. Limited.

Schroders advertisement. £20,000,000 Loan Facility. Arranged and Managed by J. Henry Schroder Wagg & Co. Limited.

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